



# Candidate Brief

Brief for the position of  
Non-executive Directors, Water Services Regulation  
Authority (OFWAT)  
September 2015



Department  
for Environment  
Food & Rural Affairs



Llywodraeth Cymru  
Welsh Government



Information packs are available in other formats such as larger font and Braille.

If you require a different format please contact: [publicappts@defra.gsi.gov.uk](mailto:publicappts@defra.gsi.gov.uk)

### **Diversity**

To ensure our public bodies better represent the communities we serve, we positively welcome applications from all walks of life. All public appointments are made on merit following a fair, open and transparent process as regulated by the Office of the Commissioner for Public Appointments.

### **Equal Opportunities**

UK government has a policy of equality of opportunity. We aim to promote equal opportunity policies whereby no one suffers discrimination either directly or indirectly, or harassment, on grounds such as race, colour, ethnic or national origin, sex, gender identity, marital status, disability, sexual orientation, religious beliefs or age.

### **Disability**

Defra will be operating an interview access scheme for disabled people (as defined by the Equalities Act 2010) who meet minimum criteria for this appointment as published in these notes. If you wish to apply for consideration under this scheme, please notify the Department when you return your application. In addition, if you require any special arrangements at interview stage, please give details in a covering letter to enable us to make the appropriate arrangements if necessary. Furthermore, reasonable adjustments will be made in the event of a successful application.

## Background

The Water Services Regulation Authority (Authority or Ofwat) is the independent economic regulator of the water and wastewater sector in England and Wales.

Ofwat's role is to:

- Hold the water and wastewater industry to account and in doing so to protect the interests of customers, including making sure markets work in the interests of customers;
- ensure that efficient companies can raise the finance needed to carry out their functions effectively;
- promote the long term resilience of water supply and wastewater systems; and
- contribute to a wide range of policy goals including sustainable development.

As an independent economic regulator, Ofwat is a non-ministerial government department that is accountable directly to Parliament. Within Whitehall Ofwat is sponsored by the Department for Environment, Food and Rural Affairs (Defra) and within Cardiff by the Welsh Government.

The Board's non-executive appointments are made by Defra's Secretary of State in consultation with the Welsh Government.

The Authority has been through considerable change over the last three years under a largely new Board. Led by the Board, Ofwat has delivered significant change in the sector which it regulates. The Board has four executive directors including the CEO Cathryn Ross, six non executives (who collectively span a range of business leadership, customer, public service, capital markets and economic backgrounds) and a non-executive Chair, Jonson Cox.

The 2014 price review implemented a radically new approach with fast-tracking for exceptional plans, far higher customer engagement, and a demanding focus on companies reaching new frontiers in operations and service to customers. Ofwat's requirements that companies improve their Board Leadership and Governance has enabled Ofwat to have the confidence to adopt a less intrusive, and more targeted, regulatory regime. The Board's decisions on a range of matters have demonstrated a firm but fair approach to holding the sector to account. The NEDs on the Board have been pivotal in bringing a wide set of experiences to bear in this role.

Ofwat's 2014 price review concluded in December and will see an additional £44 billion invested in water services to 2020. During this period, Ofwat expects average water bills to fall by about 5% before inflation. This builds on a long track record of success in bringing £122bn of investment into a vital public service while keeping prices down to below a penny for a litre of water.

The future agenda has very considerable commercial, environmental and financial challenges. The water and wastewater sectors face additional new challenges in the form of competition for business customers in 2017, a growing population, increasing demand on water resources and increasingly sophisticated customer expectations. Against this backdrop the sector needs to deliver sustainable services now and in the long term. Economic regulation must play its part in enabling that delivery. To tackle

these challenges, Ofwat has reshaped itself into a leaner, higher calibre regulator capable of playing its part to maintain trust and confidence in the water sector. Ofwat's aim is to be a leading edge, trusted and respected regulator, challenging itself and others to build this trust and confidence.

Established in 1989, Ofwat employs around 150 people based in Birmingham and London. Staff have a broad range of professional backgrounds including economists, accountants, lawyers, engineers, scientists and support service specialists.

For further information, please visit the following links:

- **[Water White Paper – Water for Life](#)**

<https://www.gov.uk/government/publications/water-for-life-market-reform-proposals>

- **[Water Industry \(Financial Assistance\) Act](#)**

<http://www.legislation.gov.uk/ukpga/2012/8/section/1>

- **[The Water Act 2014](#)**

<http://www.legislation.gov.uk/ukpga/2014/21/contents/enacted>

- **[Ofwat: Our strategy – trust in water](#)**

<https://www.ofwat.gov.uk/aboutofwat/>

- **[Ofwat's Annual Report and Accounts](#)**

<http://ofwat.gov.uk/publications#reports>

- **[Ofwat website](#)**

<http://ofwat.gov.uk>

- **[Defra website](#)**

<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>

- **[Welsh Government website](#)**

<http://gov.wales/?skip=1&lang=en>

- **[Welsh Government's Water Strategy](#)**

<http://gov.wales/topics/environmentcountryside/epq/waterflooding/publications/water-strategy/?lang=en>

## The role

Ofwat is led by a board of directors which includes the Chairman, up to six Non-Executive Directors and four Executive Directors, including the Chief Executive. The Chairman is Jonson Cox.

Biographies of Ofwat Board members are available on the Ofwat website here:

[http://www.ofwat.gov.uk/aboutofwat/structure/organisation/prs\\_web130705biographies](http://www.ofwat.gov.uk/aboutofwat/structure/organisation/prs_web130705biographies)

The Authority wishes to refresh board membership to broaden its skill base as part of a planned succession programme. Robin Paynter Bryant and Wendy Barnes rotate off the Ofwat Board in early 2016 at the end of their terms of office. We are seeking at least two Non-Executive Directors to join the Board, one of whom will chair the Audit Committee. Alongside their board colleagues, their general role will be to:

- Contribute to the development of Ofwat's long term strategy, across a wide range of regulatory and market issues;
- Contribute to board effectiveness at Ofwat;
- Ensure Ofwat secures effective governance of itself and the sector it regulates;
- Contribute experience from sectors other than the water and wastewater sector;
- Provide a constructive source of challenge to the Executive;
- Take part in Audit, Remuneration, People and/or Policy sub committees as appropriate;
- Be energetic, enthusiastic and motivated by the opportunity to develop and implement Ofwat's future strategies.

Reflecting the need for Ofwat's board members to span a wide set of priorities, in these appointments we will be looking in particular for individuals with experience of capital markets, a background in finance, risk or the management of public funds and an experience of transformative business leadership in a relevant business setting.

The Board normally meets ten times a year in London or Birmingham with more meetings in the final 12 months of the five yearly price review. NEDs are required to chair or join at least one board committee. We will be seeking to appoint a new Chair of Risk and Audit through this process, for which we would expect the appointed person to have a background in finance or risk or in the management of public funds.

The expected time commitment of Non-Executive Directors is three days a month, with a remuneration of £19,000 (under review).

### **Period of appointment**

The period of a public appointment can vary but is usually between two and five years.

In accordance with the Code of Practice for Ministerial Appointment to Public Bodies, Ministers may reappoint or extend the terms of public appointees. However, any

reappointment will be subject to a good performance assessment by the Chair of the Board and will be at the discretion of Ministers.

The appointee may resign by giving three months' notice in writing to the Secretary of State. The Secretary of State may terminate the appointment under certain conditions, which will be notified to the successful candidate on appointment.

A copy of the terms and conditions, which the successful candidate will be expected to accept, is available from Defra upon request.

## The candidates

Ofwat seeks individuals with the integrity, skills and judgment necessary to help regulate this vital sector.

Candidates should have a strong profile and reputation, a commitment to being a member of an effective board, and the capacity to be an engaged and available board member both at board meetings and between them.

They will have good interpersonal skills, with an ability to engage effectively with board and executive colleagues, contribute to debate and challenge constructively.

Individuals should have the intellect to process complex data, combined with an ability to take a strategic view and not get lost in the detail. They will help the Board establish high-level principles and, as a member of a small board regulating a large sector, have the courage of their convictions.

The Board as a whole needs to be capable of making difficult decisions and defending them under pressure. Candidates are therefore likely to be practical, decisive and possess a high degree of common sense along with the business acumen to understand the impact of their decisions.

More specifically, we seek Non-Executive Directors who can offer:

- Knowledge and working experience of capital markets;
- Financial capability – able to make a significant contribution to audit, governance and risk management;
- Broad business experience necessary to hold the sector to account;
- Excellent analytical and intellectual capability, with the ability to analyse and rapidly assimilate complex information/policy proposals;
- Evidence of innovative strategic thinking and a track record that demonstrates a willingness to stand by the courage of their convictions;
- Reach sound strategic judgements and be able to present coherent arguments for the views reached.

The Board requires a broad range of experience from its Non-Executive Directors and it is not necessary (or indeed desirable) for all members to have specialist experience in all areas.

Applications are welcomed from first-time or experienced Non-Executive Directors.

# Appointment process

## The Commissioner for Public Appointments

Ofwat is working with Odgers Berndtson on this appointment. This appointment is regulated by the Commissioner for Public Appointments to ensure that it is made on merit after fair and open competition. More information about the role of the Commissioner and the Code of Practice is available from [www.ocpa.gov.uk](http://www.ocpa.gov.uk).

For full details of the complaints process for public appointments, please click on the following link which will take you to the Commissioner for Public Appointment website: <http://publicappointmentscommissioner.independent.gov.uk/contact-us/>

Alternatively, please contact the Commissioner's office on 020 7271 0831 for a printed copy.

An Independent Panel Member will scrutinise the entire process and sit on the selection panel to help ensure a process of independent and open assessment.

In order for us to progress your application please submit the following:

- A short covering letter of not more than two A4 sized pages quoting the reference number, explaining why this appointment interests you and detailing how you meet the requirements of the role, paying particular reference to your experience, abilities, skills and knowledge as detailed in the role and job description;
- a CV with full contact details, educational, professional qualifications and full employment history, where possible giving details;
- names of at least two referees who may be contacted at shortlist stage, before final interview;
- confirmation that you are happy for Odgers Berndtson to undertake any necessary background checks, including career, credit and qualifications, or similar, post shortlist stage;
- All candidates are also requested to complete an online Equal Opportunities Monitoring, Conflicts of Interest, Political Activity and Advertising Questionnaire form.

**The preferred method of application is online at <http://www.odgersberndtson.co.uk/54187>.**

**The closing date for applications is noon, Monday 12<sup>th</sup> October 2015**

All applications will be acknowledged – if you have not received an acknowledgement within five working days please contact Anna Buttmer on 020 7518 2660.

To discuss any aspect of the appointment, please contact Rachel Slattery on 020 7529 1039.

The candidates who, from the information provided, most clearly match the criteria for appointment will be invited to interview.

The Appointments Panel will comprise:

Jonson Cox (Chair)

Sarah Hendry, Director Defra (Defra Representative)

Prys Davies (Welsh Government Representative)

Roger Witcomb (Independent Panel Member)

## Timetable

Proposed dates	Actions
w/c Monday 21 <sup>st</sup> September	Advertise Sunday Times Online
Noon, 12 <sup>th</sup> October 2015	Advert closes
w/c 19 <sup>th</sup> October 2015	Longlist meeting
Intervening time period	First round interviews with Odgers Berndtson
w/c 16 <sup>th</sup> November or w/c 23 <sup>rd</sup> November 2015	Shortlist meeting
December 2015	Final Candidates: Panel Interview
December 2015/January 2016	Meeting with the Secretary of State
End of January/February 2016	Appointment announced following approval process

Applications will be sifted after the closing date. At the longlist meeting a number of candidates will be selected for first round interview. Those who are unsuccessful at this stage will be notified in writing.

A shortlist meeting will then be held where a list of candidates will be selected for interview in November/December 2015. The interviews will be held in London. Following interview, all candidates that are deemed to be appointable will be required to meet the Secretary of State before a final decision on appointment is made.

Subject to the required approvals, the successful candidate will be expected to take up the post formally from February 2016. These dates are accurate at the time of writing but are subject to change, and the clearance process for these appointments can take longer than anticipated.

### **Conduct and probity**

We must ensure that any individual appointed is committed to the principles and values of public service. These Seven Principles of Public Life are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

Successful candidates will be required to adhere to the Rules of Procedure for the Water Services Regulation Authority (Ofwat):

[http://www.ofwat.gov.uk/aboutofwat/structure/gud\\_pro\\_100616rulesofprocedure.pdf](http://www.ofwat.gov.uk/aboutofwat/structure/gud_pro_100616rulesofprocedure.pdf)

Applicants must disclose on the Political Activity Form information on personal connections, which if they were appointed, could lead to a conflict of interest or be perceived as such.

If it appears, from the information provided on the form, that a possible conflict might exist, or arise in the future, this will be fully explored with the applicant with a view to establishing whether it is sufficiently significant to prevent the individual from carrying out the duties of the post. The panel will do this at interview stage. Annex II provides information on conflicts to help applicants evaluate whether or not they have a potential conflict.

### **Interview Expenses**

Candidates who are required to travel a significant distance to attend an interview will be reimbursed standard-class rail fare from their point of entry into the UK.

### **Diversity and Equality**

We are committed to providing services which embrace diversity and which promote equality of opportunity. We welcome people from all backgrounds so that our workforce mirrors the community we serve. Information in alternative formats will be made available on request.

# Annex I

## **The Seven Principles of Public Life**

In 1995, the Committee on Standards in Public Life defined seven principles, which should underpin the actions of all who serve the public in any way. These are:

### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or other friends.

### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

## Annex II

### Conflicts of Interest

#### **What is a conflict of interest?**

Public Appointments require the highest standards of propriety, involving impartiality, integrity and objectivity, in relation to the stewardship of public funds and the oversight and management of all related activities. This means that any private, voluntary, charitable or political interest which might be material and relevant to the work of the body concerned should be declared. There is always the possibility for real or perceived conflicts of interest to arise. Both are a problem, as the perceived inference of a conflict may, on occasions, be as damaging as the existence of a real conflict. It is important, therefore, that you consider your circumstances when applying for a public appointment and identify any potential conflicts of interest, whether real or perceived.

A member of the Ofwat Board may not own, purchase or deal in the shares of the water companies and their holding companies. However where a holding company has less than 2% of its investment portfolio (debt or equity) in a water company, then they may hold these shares.

#### **Surely a perceived conflict is not a problem, as long as I act impartially at all times?**

The integrity of the individual is not in question here. However, it is necessary for the standing of the individual and the board that members of the public have confidence in their independence and impartiality. Even a perceived conflict of interest on the part of a board member can be extremely damaging to the body's reputation and it is therefore essential that these are declared and explored, in the same way as an actual conflict would be. The fact that a member acted impartially may be no defence against accusations of potential bias.

#### **What should I do if I think I have a conflict of interest?**

You should consider and declare whether or not you have a real, or perceived, conflict. If you are unsure if your circumstances constitute a possible conflict, you should still complete this section, in order to give the Selection Panel as much information as possible.

#### **If I declare a conflict, does this mean I will not be considered for appointment?**

No - each case is considered individually. If you are shortlisted for interview, the Panel will explore with you how far the conflict might affect your ability to contribute effectively and impartially on the Board and how this might be handled, if you were to be appointed. For example, it may be possible to arrange for you to step out of meetings where an issue is discussed, in which you have an interest. However, if, following the discussion with you, the Panel believes that the conflict is too great and

would call into question the probity of the Board or the appointment; they can withdraw your application from the competition.

**What happens if I do not declare a known conflict, which is then discovered by Ofwat after my appointment?**

Again, each case would be considered on its merits, but Defra may take the view that by concealing a conflict of interest, you would be deemed to have breached the Seven Principles of Public Life and may terminate your appointment.

**What happens if I do not realise a potential conflict exists?**

This situation may arise where the applicant is not familiar with the broad range of work which a body covers and therefore does not realise that a conflict might exist. In some cases, the Panel, with their wider knowledge of the body, might deduce that there is a potential conflict issue, based on the information on employment and experience provided by the candidate in their application. They will then explore this at interview with the candidate.

**What happens if a conflict of interest arises after an appointment is made?**

This could arise for two main reasons. The first is that the member's circumstances may change, for example, they may change jobs and in doing so, a conflict with their work on the board becomes apparent. The second is where a member is unfamiliar with the range of the work of the body, but after appointment, it becomes clear that a conflict exists where none had been envisaged during the appointment process. In both cases, the issue should be discussed with the Chairman and the Chief Executive, to decide whether or not the member can continue to carry out their role in an appropriate manner and each case is considered individually. It may be that the conflict is such that it would be impractical for the member to continue on the board, if they would have to withdraw from a considerable amount of the body's routine business. In such, cases, the member may be asked to stand down from the body.

**Areas where a conflict could arise**

There are five main issues, which could lead to real, or apparent, conflicts of interest. These are:

- Relevant pecuniary or other interests outside the organisation;
- Relationships with other parties/organisations which could lead to perceived or real split loyalties. For example, equity or financial interest in a water company;
- Pending Government Policy could give unfair personal advantage to people with allied business interests – for example access to privileged information;
- Perception of rewards for past contributions or favours; or
- Membership of some societies or organisations.