

April 2017

Trust in water

Information for applicants

**Financial Economists (Senior
Associates & Principals)**
Ref: OFW1707

www.ofwat.gov.uk

ofwat



Introduction from Cathryn Ross, Chief Executive



Water is not a dry issue.

The water sector in England and Wales has come a long way in the past 27 years. At privatisation, polluted beaches and rivers and neglected infrastructure meant we were seen as the ‘dirty man of Europe’.

The regulation of this sector was entrusted to the Water Services Regulation Authority (Ofwat) which has maintained a steady hand in driving and incentivising the sector to deliver and to improve. Over the period since privatisation, the water companies have invested more than £120 billion in maintaining and improving services for consumers and the environment. Today, for example, the amount of water lost through leaks is down by about a third since the mid-1990s. In addition, salmon have returned to the River Mersey, once considered one of the most polluted in Europe. All of this has been delivered efficiently too – a litre of tap water, supplied and taken away, costs less than half a penny.

But the world is changing. The water sector faces new problems and very different challenges. In the future, climate change may mean we get more droughts and more floods, making it harder to maintain resilient supplies. Our population is growing, putting more pressure on the water we use. Lifestyle changes have increased our appetite for water in our homes, our work places and our places of leisure. The changing social and economic landscape also means we need to reconsider how business operates and how customers are able to afford their water and sewerage bills.

Ofwat needs to be at forefront of determining and implementing a regulatory system that will protect customers’ interests, drive efficiencies and innovation, enable efficient companies to finance their functions and to ensure that the ‘promises of privatisation’ are delivered. We all need sustainable solutions to these problems.

To do this, Ofwat needs to be at the very top of its game. Regulatory economists will play a central role in helping shape our future work programme. This includes, our Water 2020 programme: the design of the regulatory arrangements for the 2019 price review and the development of upstream markets to support the delivery of the Water Act. Regulatory economists will take responsibility for driving forward a rigorous analytical approach to develop and implement approach to upstream markets and regulation and articulate and communicate policy to stakeholders. They

will help apply Ofwat's new strategy and regulatory model to the way we regulate and challenge the sector. Thank you for your interest in joining Ofwat at what is a very exciting time for us. We look forward to receiving your application.

Cathryn Ross
Ofwat Chief Executive

About Ofwat and the role

Ofwat (the Water Services Regulation Authority) is the economic regulator of the water and wastewater sector in England and Wales. Our role is to help firms in the sector build trust and confidence with customers, the environment and wider society. Our strategic priorities include:

- delivering the reforms provided for in the Water Act 2014 and help to ensure that they deliver real benefits for water customers and society. This includes putting in place the arrangements for the opening of the non-household retail market to competition in April 2017. It also includes supporting the development of water trading and abstraction reform. These developments will require changes to the way we set prices in our 2019 review;
- maintaining the confidence of investors in the water sector and our regulation of it, though this period of change; and
- developing the means by which we monitor the sector's performance against our vision of trust and confidence, and receive assurance from the sector.

We are seeking experienced regulatory economists at a Senior Associate or Principal level, depending on experience. Successful candidates will play an important role in the delivery of our next industry price review that will be concluded by the end of 2019. Successful candidates will also need to be able to respond flexibly to the needs across the organisation and its key programmes including Market Outcomes and Enforcement, Strategy and Planning, and Finance and Governance.

This role requires a high level of technical competency, good written and oral communication skills, well developed people and a stakeholder management skills, and a track record of delivery against challenging deadlines.

This role is part of the Analytics Pool which comprises a range of other economists with a variety of specialisms including competition, regulation and finance,

statisticians, financial modellers, corporate finance experts, engineers and other experts.

Professional & Role requirements

Role requirements

Successful candidates will need to be able to demonstrate that they meet the following criteria:

Education

- Under graduate degree (or equivalent) in economics **(essential)**
- Post graduate degree (or equivalent) in financial economics, business management or a related discipline **(desirable)**
- Qualification in accounting e.g. CIMA, ACA, ACCA, CIPFA **(desirable)**

Core skills and knowledge

- In-depth practical knowledge of microeconomics **(essential)**
- In-depth practical knowledge of financial models applicable to regulated companies, including in particular profitability assessment **(essential)**
- Understanding of company accounts **(essential)**
- Understanding of the impact of regulatory decisions on companies' financial sustainability and investor relations **(essential)**
- Detailed understanding of techniques applied to economic regulation including one or more of the following **(essential)**:
 - Incentive design and the allocation of risk
 - Setting the cost of capital and margins
 - Access pricing and charging rules
 - Cost assessment and modelling
 - Market design and development
 - Mechanisms to facilitate third party delivery of infrastructure
- Ability to identify economic issues and develop options in the context of policy development and regulatory enforcement **(essential)**
- Excellent oral and written communication skills, including the ability to communicate complex economic analysis to non-technical audiences **(essential)**
- High degree of numeracy **(essential)**
- Knowledge of behavioural economics and its application to economic regulation **(desirable)**

- Understanding of the development of markets and competition **(desirable)**
- Understanding of economic regulation in the water industry **(desirable)**

Experience

Candidates must be able to demonstrate that they have:

- Experience of carrying out a relevant regulatory role within Government, a regulated business, consultancy or in another similarly relevant position **(essential – extensive experience required for Principal level)**
- Experience of providing strong intellectual leadership on regulatory policy issues based on sound knowledge of relevant economic theory and financial concepts **(essential – extensive experience required for Principal level)**
- Experience of working under pressure to produce high quality analysis to tight timescales while managing competing priorities **(essential)**
- Experience of engaging with senior internal and external stakeholders **(desirable for Senior Associates, essential for Principal level)**
- Experience of assessing and providing a quality assurance role both for more junior economists' analysis and that of consultants **(desirable for Senior Associates, essential for Principal level)**
- Experience in identifying and facilitating interactions and linkages between projects and cases **(desirable for Senior Associates, essential for Principal level)**

Key deliverables and behaviours

Successful candidates can expect to be working on more than one project at any time, and on a range of projects over time. These may include playing an important role in:

- The delivery of the next water sector price control PR19, including work on customer outcome delivery incentives, the balance of regulated companies' risk and reward accorded through the price control, the form of control that we use to regulate different economic activities of water companies, the development of our approach to charges, or the design of the wholesale markets
- Undertaking assessment of the weighted average cost of capital (WACC)
- Monitoring of compliance of the regulated companies with the regulatory framework as part of our Finance and Governance Programme
- Undertaking assessment of financial stability following, for example, a restructuring or a merger.

The successful candidate will need to demonstrate the following behaviours:

- Provide intellectual leadership in the provision of economic advice and analysis.
- Take ownership of the projects or elements of projects you will be responsible for ensuring their successful delivery
- Build effective relationships and partnerships with key internal and external stakeholders, building support and a positive reputation for Ofwat
- Make clear policy and decision-orientated recommendations to key stakeholders, including colleagues, managers, the Ofwat Executive team and the Ofwat Board where appropriate, consistent with the broader requirements of the role
- Provide clear communications, tailored to suit the needs of the audience, in an influential, succinct and persuasive manner
- Provide strong people leadership, through effective communication tools, stakeholder engagement and effective leadership. This could include managing consultants and/or developing junior colleagues as a project manager, line manager or mentor
- Develop, maintain and foster high standards of professional competence so that your own continuous development is integrated into project delivery
- Promote a positive image of Ofwat externally when in discussions with partner organisations, stakeholders and outside bodies

Support the matrix management structure through a flexible approach to work

Our expectations for Senior Associates and Principals

We are keen to attract economists at different levels of experience. Successful candidates will join as either Senior Associates or Principals. Both roles will be involved in the same workstreams and will have to have the same basic level of technical economic skills.

In addition, principals are expected to provide greater degree of intellectual leadership, show greater strategic awareness, take on responsibility for the workstream leadership, manage complex and demanding stakeholder relationships, manage teams and mentor colleagues and take part in wider Ofwat leadership team. The candidates for this role will need to demonstrate extensive experience in these areas. Senior associates are expected to show potential in these areas rather than being required to demonstrate the same level of proficiency as Principals.

Terms and conditions of employment

Contract

These are 2 year fixed term and permanent appointments.

Salary

The salary range for Senior Associates is Band 3 - £32,363 - £48,406. External candidates can expect to achieve a starting salary from the bottom of the band to circa £43,000, depending on relevant skills and experience required for the post.

The salary range for Principals is Band 4 - £48,407 - £74,042. External candidates can expect to achieve a starting salary from the bottom of the band to circa £65,000, depending on relevant skills and experience required for the post.

Salary is paid monthly by credit transfer.

Internal and Civil Service candidates already at this job level would normally maintain their existing salary arrangements as this would be classed as a level transfer. If applying for the role as a promotion, these candidates can typically expect to be appointed on a salary at the bottom of the band or a 10% increase to existing salary, whichever is greater.

Location

The role will be based in either Birmingham or London. However, it is likely that travel between offices and throughout the UK will be needed to be effective.

Contracted place of work and taxable expenses

Any person who regularly works more than two days a month in both the Birmingham and London offices, irrespective of their contracted place of work, is considered by HMRC to have [two permanent workplaces](#).

The payment of your rail fare, accommodation or subsistence in this situation attracts tax and National Insurance because you are receiving a benefit.

Ofwat meets the cost of the tax and National Insurance by grossing up your expenses and recovering the net amount through your monthly pay package. But the expenses are classed as taxable earnings, which could impact on any attachment of earnings – for example, student loan repayments, high income child benefit and state benefits.

For further information on taxable expenses, please email payroll@ofwat.gsi.gov.uk.

Hours of work

The successful post holder will be required to work a minimum of 37 hours, excluding lunch breaks. You will be required to work such additional hours as is reasonable and necessary for the efficient performance of your duties.

Probation

There is a probationary period of six months for all new entrants. Subject to satisfactory performance, the post holder will be transferred to permanent establishment at the end of their probation.

Annual leave

On appointment the post holder will be entitled to 25 days annual leave plus 10½ days' public and privilege holidays a year. Annual leave entitlement will be increased by one day for each year of continuous employment with Ofwat, up to a maximum leave allowance of 30 days.

Pension

On appointment, you are eligible to join the Civil Service Pension. The Civil Service offers a choice of defined benefit and stakeholder pensions, giving you the flexibility to choose the pension that suits you best. We offer you a choice of two types of pension.

Alpha: alpha is an occupational pension scheme and provides a defined benefit worked out on a Career Average basis.

From 1 April 2017, employee contributions will be:

Payband (full-time equivalent basis)		Employee contribution rate (%)
From	To	
£0.00	£21,210	4.60
£21,211	£48,471	5.45
£48,472	£150,000	7.35
£150,001	and above	8.05

From 1 April 2017, employer contributions will be:

Payband (full-time equivalent basis)		Employer contribution rate (%)
From	To	
£0.00	£22,500	20
£22,501	£45,000	20.9
£45,001	£75,000	22.1
£75,001	and above	24.5

Partnership: this is a stakeholder pension with a contribution from Ofwat. How much we pay is based on your age. We pay this regardless of whether you choose to contribute anything. You do not have to contribute but, if you do, we will also match your contributions up to 3% of your pensionable earnings. The contributions are in addition to the age-related contribution mentioned above.

To learn more about the Civil Service Pension schemes, please follow the link <http://www.civilservicepensionscheme.org.uk/>

Ofwat benefits

We also offer a range of additional benefits. These include:

- access to our package of benefits via our 'Rewards on Tap' scheme. This is a voluntary benefits scheme where staff have access to exclusive discounts on a range of goods and services such as retail outlets, theatre tickets, holidays, insurance and gym membership;
- childcare voucher scheme;
- cycle-to-work scheme;
- season ticket loan for travel between home and office;
- flexible working arrangements;
- fees paid for membership of relevant professional bodies;
- regular professional development;
- health and wellbeing initiatives; and

- free eye tests and contribution towards lenses/spectacles for VDU users, if appropriate.

Further information

Security clearance

Any offer of appointment will be subject to satisfactory completion of security and pre-employment checks. Further information about the security checking procedure is available on request.

Nationality and immigration control

This post is open to nationals of states within the British Commonwealth and the European Economic Area (EEA) and certain members of their families. There must be no employment restriction or time limit on your permitted stay in the UK.

If you would like further information on Nationality and Immigration Control, please email us at people@ofwat.gsi.gov.uk.

Stocks or shares

Because of the nature of the information you will come into contact with and the need to be wholly independent of the water sector in England and Wales, you and your family (including your spouse or civil partner and any children or step-children under the age of 18 who still live at home, or any other member of your household) will be precluded from owning, purchasing or dealing in the shares of the water companies and their holding companies.

How to apply

Applications should include a:

- curriculum vitae (**CV**);

- **covering letter** or supporting statement that outlines the contribution you can make to Ofwat, including how you feel you meet our professional requirements and demonstrate behaviours outlined in our competency framework;
- completed **CV supplement form**; and
- completed **diversity monitoring form**. This form is not mandatory.

Please email your CV and supporting documents to recruitment@ofwat.gsi.gov.uk by the closing date.

If you are unable to make an electronic application, you may submit your application on paper. Please contact us to find out how.

Selection timetable

Closing date	10.00am, Wednesday 10th May 2017
Sifting	11th May 2017
Interview date	w/c 15th May 2017

If you have any queries about any aspect of this role or selection process, please call Recruitment, on 0121 644 7668.

Expenses

We will refund travelling costs at the rate of standard rail fare for the journey or motor mileage rates (cars: 25p per mile).

Please note that proof of purchase will be required for all public transport expenses.

We cannot refund expenses for travel into the UK. If you have to stay overnight, please contact recruitment@ofwat.gsi.gov.uk for further details.

Data protection

We will use your application only to inform the selection process, after which we will destroy it. If you are successful, it will form the basis of your personal record with us and we will store it in manual and electronic files.

We will hold any data about you in completely secure conditions, with restricted access. Information in statistical form on present and former employees is given to appropriate outside bodies.

We will include data that you provide on the diversity monitoring form in a general database for statistical monitoring purposes only, enabling us to monitor the effectiveness of our policy on equal opportunities in employment. Individuals will not be identified by name.

We shall consider that, by applying for this role, you are giving your consent to the processing of your data in the ways described above.

Diversity

Ofwat aims to be an equal opportunities employer. We intend to make sure that there is equality of opportunity and fair treatment for all irrespective of:

- age;
- disability;
- gender reassignment;
- marriage and civil partnership status;
- pregnancy and maternity;
- race, religion or belief; or
- sex or sexual orientation.

We would like to assure you that we will treat the information you provide on the diversity monitoring form in the strictest confidence and only use it to help us monitor appropriate equal opportunities policies. This information plays no part in our selection process.

Investors in People (IIP)

Ofwat has IIP accreditation which reflects good management practices throughout our organisation, including in business planning, individual objective setting, learning and development opportunities, as well as continuous constructive feedback through our delivery and development conversations approach to performance management.

Complaints procedure

The process of recruitment and assessment embraces the principles of fair and open competition and best practice. The first is to maintain the principle of selection for appointment to the Civil Service on merit on the basis of fair and open competition as outlined in the [Civil Service Recruitment Principles](#). The second is to promote an

understanding of the [Civil Service Code](#) which sets out the constitutional framework in which all civil servants work and the values they are expected to uphold, and to hear and determine appeals made under it.

If feel your application has not been treated in accordance with the recruitment principles and you wish to make a complaint, you should contact Natasha Harris, Principal, Operations (People), Ofwat, Centre City Tower, 7 Hill Street, Birmingham, B5 4UA in the first instance. If you are not satisfied with the response you receive from us you can contact the Civil Service Commission