



South Staffs Water

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Board leadership, transparency and governance consultation,
Ofwat,
21 Bloomsbury Street,
London,
WC1B 3HF

By email to: FinanceAndGovernance@ofwat.gsi.gov.uk

21 August 2018

Dear Sir,

South Staffs Water response to Consultation on Board leadership, transparency and governance



Thank you for the opportunity to respond to the above consultation. This has been discussed by our Board and we broadly agree with the set of principles set out but do have some specific comments.

We are not convinced that there is a need for a licence obligation in relation to an independent chair as it is clearly covered within the spirit of the four principles. It is difficult to create a scenario where a non-independent chair is appropriate except maybe under certain transition periods.

We strongly support the position of independent non-executive directors (INEDs) being the largest single group on the Board. However, we do not believe that there is a need for a licence condition requiring them to be the majority on the Board. We are unsure what specific concerns Ofwat is trying to address and how this will benefit customers. Boards could become significantly larger and may actually be less effective as a result. We believe that having an appropriate mix between INEDs, investor representatives and management, but with INEDs as the single largest group, makes an effective Board, as demonstrated since the change in Board composition was introduced in 2014.

We believe that it is appropriate for each company to make decisions on Board composition based on its specific circumstances and the collective views of all stakeholders including customers. We also believe that the UK Corporate Governance Code should guide best practice rather than setting further requirements.

Yours faithfully,



Managing Director,
South Staffordshire Water PLC