

Annex H: Terms of reference of the Nominations and Governance Committee

1. The Board has established a committee called the Nominations and Governance Committee ('N&G Committee') to:
 - review, and make recommendations on, the structure, size, and composition of the Board (including identifying and nominating for approval candidates to fill certain Board vacancies);
 - review succession planning for the Board, the members of the Senior Leadership Team and other senior roles;
 - be engaged in the appointment of any member of the Senior Leadership Team; and
 - monitor and make recommendations to the Board on Board governance issues.

Membership

2. The members of the N&G Committee will comprise two non-executive Board members, the Board Chairman and the Chief Executive.
3. The Board Chairman will chair the N&G Committee. In the absence of the Board Chairman, one of other non-executive Board members will chair the meeting. The Board Chairman shall not chair the N&G Committee when it is dealing with matters relating to the chairmanship of the Board.
4. The Board will appoint the non-Executive Board members of the N&G Committee for a term of not more than three years, which is renewable for one term or, in exceptional circumstances, two further terms of up to three years.

Meetings

5. The Chair of the N&G Committee, or in his absence any member of the N&G Committee, may convene meetings of the N&G Committee as he deems necessary. However, the N&G Committee will normally meet at least once a year.
6. A meeting of the N&G Committee will be deemed quorate if two of its members, including at least one of the non-executive Board Members, are present.

7. The N&G Committee may ask any Ofwat employee to attend to assist it with its discussions.
8. The N&G Committee may ask any or all of those asked to attend an N&G Committee meeting who are not members of the N&G Committee to withdraw to facilitate open and frank discussion of particular matters.
9. The N&G Committee will be provided with a secretariat function organised by the Board Secretariat.

Reporting

10. Minutes will be taken of each meeting of the N&G Committee. The N&G Committee will normally formally report back in writing, via its minutes, to the Board after each meeting.
11. The Chair of the N&G Committee will report its work to the Board following each meeting.
12. The N&G Committee will, where the Chair considers it appropriate, carry out an annual evaluation of its performance, including a review of this terms of reference, seeking feedback from members and attendees. The results of this evaluation will be shared with the Board and a plan to take forward any recommendations will be discussed and agreed.

Responsibilities

13. The responsibilities of the N&G Committee are to:
 - regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board compared to its current position and make recommendations to the Board with regard to any changes;
 - be responsible for engaging, where appropriate, in the relevant Secretary of State's process for filling Board Chairman and non-executive Board members vacancies as and when they arise (or re-appointing the Board Chairman or non-executive members), including assisting the Secretary of State in preparing a job specification for the appointment of a Board Chairman;
 - identify and nominate for the approval of the Board Chairman and the Chief Executive candidates to fill Board vacancies (other than vacancies relating

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to the roles of a Board Chairman or a non-executive Board member), and be engaged in the appointment of any member of the Executive who will not fill a Board vacancy;

- review the time required from non-executive Board members;
- review succession planning for the Board, the Senior Leadership Team, and other senior roles including the key roles of the Board Chairman and the Chief Executive, in the course of its work, taking into account the challenges and opportunities facing Ofwat, the skills and expertise that are needed on the Board, the Senior Leadership Team, and at the level of other senior roles in the future, and related organisational resilience issues;
- to the extent deemed to be appropriate by the Chair of the Remuneration and People Committee, be engaged in the Remuneration and People Committee's evaluation of new proposed Senior Civil Service (SCS) posts and any existing SCS roles where those roles have been significantly revised, and in its decision on the job weight and salary levels; and
- monitor and make recommendations to the Board on Board governance issues including the establishment of appropriate practices to enable the Board to operate effectively and efficiently.