



House of Commons

Environment, Food and Rural  
Affairs Committee

---

**Pre-appointment  
hearing: Chair of The  
Water Services  
Regulation Authority  
(Ofwat)**

---

**Third Report of Session 2012–13**

*Volume I*





House of Commons  
Environment, Food and Rural  
Affairs Committee

---

**Pre-appointment  
hearing: Chair of the  
Water Services  
Regulation Authority  
(Ofwat)**

---

**Third Report of Session 2012–13**

***Volume I***

*Volume I: Report, together with formal  
minutes*

*Volume II: Oral evidence*

*Ordered by the House of Commons  
to be printed 4 July 2012*

**HC 471-I**  
Published on 6 July 2012  
by authority of the House of Commons  
London: The Stationery Office Limited  
£0.00

## Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

### Current membership

Miss Anne McIntosh (*Conservative, Thirsk and Malton*) (Chair)  
Thomas Docherty (*Labour, Dunfermline and West Fife*)  
Richard Drax, (*Conservative, South Dorset*)  
George Eustice (*Conservative, Camborne and Redruth*)  
Barry Gardiner (*Labour, Brent North*)  
Mrs Mary Glendon (*Labour, North Tyneside*)  
Iain McKenzie (*Labour, Inverclyde*)  
Neil Parish (*Conservative, Tiverton and Honiton*)  
Ms Margaret Ritchie (Social Democratic and Labour Party, *South Down*)  
Dan Rogerson (*Liberal Democrat, North Cornwall*)  
Amber Rudd (*Conservative, Hastings and Rye*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at

[www.parliament.uk/efracom](http://www.parliament.uk/efracom)

### Committee staff

The current staff of the Committee are Richard Cooke (Clerk), Lucy Petrie (Second Clerk), Sarah Coe (Committee Specialist—Environment), Phil Jones (Committee Specialist—Agriculture), Clare Genis (Senior Committee Assistant), Gabrielle Hill (Committee Assistant), Julie Evans (Committee Support Assistant), and Hannah Pearce (Media Officer).

### Contacts

All correspondence should be addressed to the Clerk of the Environment, Food and Rural Affairs Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5774; the Committee's e-mail address is: [efracom@parliament.uk](mailto:efracom@parliament.uk). Media inquiries should be addressed to Hannah Pearce on 020 7219 8430.

# Contents

---

	<i>Page</i>
<b>Report</b>	
<b>1 Introduction</b>	<b>3</b>
Pre-appointment hearings	3
<b>2 Background to the post</b>	<b>3</b>
The Water Services Regulation Authority	3
The role of Ofwat	4
The role of the Chair of Ofwat	4
<b>3 The recruitment process</b>	<b>6</b>
<b>4 The candidate</b>	<b>7</b>
<b>5 Our questioning</b>	<b>7</b>
<b>6 Conclusion</b>	<b>8</b>
<b>Appendix 1</b>	<b>9</b>
Letter from Rt Hon Caroline Spelman MP, Secretary of State, Department for Environment, Food and Rural Affairs, to the Chair of the Committee	
<b>Appendix 2</b>	<b>9</b>
Extracts from the recruitment information pack provided for applicants for the position of Chair of the Water Services Regulation Authority (Ofwat)	
<b>Appendix 3</b>	<b>15</b>
Curriculum Vitae: Jonson Cox	
<b>Formal Minutes</b>	<b>16</b>
<b>Witnesses</b>	<b>17</b>
<b>List of Reports from the Committee during the current Parliament</b>	<b>17</b>



# 1 Introduction

---

## Pre-appointment hearings

1. The post of Chair of the Water Services Regulation Authority (Ofwat) is one of the positions to which the procedure for pre-appointment parliamentary scrutiny applies.<sup>1</sup>
2. The Secretary of State for the Environment, Food and Rural Affairs, Caroline Spelman MP, wrote to the Chair on 26 June 2012 indicating that Mr Jonson Cox had been identified as the preferred candidate for the post of Chair of Ofwat.<sup>2</sup>
3. The Committee held a pre-appointment hearing with Mr Jonson Cox on 4 July 2012. In accordance with Cabinet Office guidance the hearing focused on the candidate's professional competence and personal independence. We also sought Mr Cox's views on the challenges facing the water sector and Ofwat's priorities over the period of his appointment.

## 2 Background to the post

---

### The Water Services Regulation Authority

4. The Water Services Regulation Authority (Ofwat) was established in 1989 as the economic regulator of the water and waste water sectors in England and Wales. Its statutory role and duties are primarily laid out in the Water Industry Act 1991. It is a non-ministerial government department, independent of government and the water companies, although directly accountable to Parliament (under the sponsorship of the Department for Environment, Food and Rural Affairs [Defra]) and the Welsh Assembly Government. It works with a broad range of stakeholders including the UK Government, the Welsh Assembly Government, water companies, consumer organisations and other regulators.
5. Ofwat is based in Birmingham and employs around 200 people. The Ofwat Board is currently made up of a Chair, four Non-Executive Directors and three Executive Directors, including the Chief Executive.
6. The appointment of Chair is made under Section 1 (1), Schedule 1A of the Water Industry Act 1991 which states that "the Authority shall consist of a chairman ... appointed by the Secretary of State...". The term of office of the current Chair, Mr Philip Fletcher CBE, expires in autumn 2012 having been extended following a failure to identify a successor when the position was originally trawled in 2011. Following a further recruitment process the Government identified Mr Jonson Cox as the preferred candidate to replace Mr Fletcher. We would like to thank Mr Fletcher for his service as Chair of Ofwat.

---

1 Liaison Committee, First Report of Session 2007-08, Pre-appointment hearings by select committees, HC 384

2 See Appendix 1

## The role of Ofwat

7. Ofwat's role is to make sure that the water companies provide household and business customers with a good quality service and value for money. It does this by:

- making sure that the companies provide customers with a good quality, efficient service at a fair price;
- limiting the prices companies can charge and making sure that bills are kept as low as possible;
- monitoring the companies' performance and taking action, including enforcement, to protect consumers' interests;
- setting the companies challenging efficiency targets;
- making sure the companies deliver the best for consumers and the environment in the long-term; and
- encouraging competition where it benefits consumers.

## The role of the Chair of Ofwat

8. The recruitment pack provided to applicants for the post of Chair sets out the following background to the post:

Ofwat is the independent economic regulator of the water and waste water sector in England and Wales and operates in a complex political and business/water industry environment. The UK Government has recently published its Water White Paper (*Water for Life*) and the Welsh Government will shortly be publishing a Water Strategy. In addition to this the UK and Welsh Governments recently carried out a review of Ofwat. Implementing change to reflect the outcomes of this work will be a key challenge for the organisation alongside reflecting forthcoming legislation in Ofwat's regulation of the industry. This is balanced with the ongoing requirement to deliver economically sustainable services, secure ongoing investment and maintain Ofwat's industry profile and its presence with Ministers and civil servants.

The Ofwat Board is currently made up of a Chair, two Non-Executive Directors (with two to be appointed) and two Executive Directors (with another to be appointed), including the Chief Executive. The current Chair's appointment will expire in the summer.

The role of Chair is to provide strategic leadership to Ofwat, to support the Chief Executive, to promote the highest standards of corporate governance and crucially, to play a critical and high profile role in managing the relationships with interested parties at the highest levels in the water sector, the wider business community and the UK and Welsh Governments. You will be a proven strategic leader— experience as a Chair or Chief Executive—with a formidable track record of delivering results and driving change in a substantial and complex private or public sector environment. The Chair's responsibilities will be discharged on a three day week basis and the appointment will be for a term of three years, with the possibility of reappointments not exceeding 10 years.































