



**APPOINTMENT OF INDEPENDENT NON-EXECUTIVE
DIRECTOR**

APPOINTMENT BRIEF
SEPTEMBER 2019

OVERVIEW

Market Operator Services Limited (MOSL) operates the world's largest competitive water market.

MOSL was established in 2015 as a not-for-profit company to operate, develop and design the new business water market, which opened on 1 April 2017.

We played a key role in the preparations to launch and open the market, by designing, building and implementing the central IT systems – known as CMOS – which sits at the heart of the market.

We actively supported the development and evolution of the market codes and arrangements which govern the market, through the Market Arrangements Code (MAC) Panel. And we provided important assistance to both wholesaler and retailer water companies' preparations, to make sure the market opened on time, on budget and in good shape on 1 April. MOSL is responsible for the smooth and efficient running of this new and growing business water market, which allows more than 1.2 million businesses including public sector bodies, charities, SMEs and not-for-profit organisations in England to choose who supplies their retail water services.

We make it possible for new companies to enter the market, ensuring that they can do business easily and at a low cost. When customers choose to change suppliers, we enable the transactions in CMOS, ensuring that smooth settlement and payments take place between the wholesalers and retailers.

Our aim, at all times, is to run an efficient and resilient market which delivers benefits to business customers – including cost, time and water efficiency savings. It's vital that we use our skills and expertise to keep the new market evolving and improving.



We aspire to be collaborative in our approach to market improvement, and to champion innovative ways of reducing market friction, while ensuring a level playing field. This means reducing any barriers for companies entering the market and ensuring that all players have the same opportunities for operating and engaging with MOSL and the industry. Our experts design and deploy the infrastructure, information and governance services that make it possible for customers to move smoothly from one supplier to another using our central IT system, which supports over 3,600 users, processing 90,000 transactions every day.

The market operates through a series of rules and arrangements known as Codes. These are another key part of MOSL's responsibilities. We provide the secretariat for the Market Arrangements Code (MAC) Panel and its six committees, which oversee and review these rules, with input from our members.

Opening the market on time despite challenging timescales was testament to an enormous collective effort by the water industry, MOSL and its 'Open Water' programme partners, the Department for the Environment, Food and Rural Affairs (Defra) and industry regulator, Ofwat. Achieving a seamless customer experience and delivering the benefits promised to customers when the market opened, was – and remains – at the heart of what we do.

We still have a strong working relationship with Ofwat and are keen to ensure that our collective vision of the water retail market and how we aim to achieve it, is aligned.

The costs of opening the market, including drawing up the Codes and designing and building the central market systems, were funded by all of the appointed water and water and sewerage undertakers in proportion to their respective shares of the non-household market in England. MOSL is a private company limited by guarantee. We are funded by, but independent of, our water company members. All wholesalers and retailers who wish to participate in the market must become members of MOSL and contribute to its funding.

As market operator, we are, at all times, independent and impartial and operate a level playing field.



INTRODUCTION - THE ROLE OF THE MARKET OPERATOR

On 13 February 2017, Ofwat formally appointed MOSL as the enduring market operator for the water retail (Non-household) market.

As the enduring market operator MOSL's remit is to ensure that the market operates effectively and efficiently, that we provide a 'level playing field' for all companies operating in, and entering, the market. We also support trading parties (our water company members), and the wider industry, in reducing market frictions and delivering a seamless customer experience.

As the secretariat to the MAC Panel, MOSL plays a central role in helping companies shape the future of the market – ensuring that the market rules continue to evolve to align with the realities of a young and ever-growing market.

As a member organisation, we operate according to a business plan and within a budget that is approved by members each year. We are obligated, under the market codes, to produce a one-year business plan for member approval.

We aim, at all times, to be an efficient and cost-effective market operator, while ensuring that we utilise our central position to deliver the continued level of improvement required to make the open market a success. We aspire to be collaborative in our approach to market improvement, and to champion innovative ways of reducing market friction, while ensuring a level playing field. We also aim to use the latest technology to help visualise market data and enable as much 'self-service' as possible by our members. MOSL's Market Performance Operating Plan provides the framework within which improvement can be achieved, by focusing on two primary objectives: to deliver improved customer outcomes and deliver improved trading party performance and accountability.

The 2019/20 Business Plan is available on the [MOSL website](#).

MOSL currently has 55 colleagues based at its serviced offices in Southampton and is supported by three field-based portfolio managers (PfMs) who work closely with our members. More information on our role, the structure of the market, governance and the role of MOSL's market performance, market design and digital teams can be found in the [MOSL Market Training](#) slide pack.



SERVICES PROVIDED BY MOSL

The following list of services are mandated to the market operator (MOSL) under the codes.

Registration and Switching Services

MOSL is responsible for the switching of services and registration of supply points (SPIDs) in the market. These are different from customers, as a customer can have a number of supply points.

As market operator, we administer a central register of unique supply points (SPIDs) in the market. This central data is maintained and updated by the relevant retailer via the central system (CMOS).

MOSL is responsible for the process of assigning a retailer to any supply points that do not have one. We do not have a direct relationship with business customers – these relationships, along with raising customer awareness of the market, is the responsibility of the retailer. We do not, therefore, provide customer advice, recommendations or provider comparisons, nor do we manage enquiries from customers regarding central registration data or the benefits of switching or retailer offerings.

Financial Settlement Services

MOSL determines 'settlement' charges due between market participants (wholesalers and retailers). Invoicing and payment handling are managed bilaterally between organisations and not by the market operator. MOSL is not responsible for what retailers choose to charge customers.

Market Governance Services

The Market Arrangements Code (MAC), which governs the market, describes that the code panel, which has oversight of the Wholesale Retailer Code (WRC) and the MAC, should be chaired either by the Chair of MOSL or one of its independent directors (a summary of the role of the Panel can be found in the Appendix).

MOSL administers the market codes and the code modification process (referred to as 'raising a change proposal'), provides secretariat functions to the MAC Panel, its six Committees and any working/sub-groups it establishes. It also administers accession to codes during market entry and exit and provides training on codes, processes and systems to market participants as they go through the market entry assurance process (MEA).

The requirements for market governance mean that MOSL carries out monitoring and reporting of market code compliance and has delegated authority to issue warnings and financial and non-financial penalties for low-level infractions. Enforcement of significant market issues are not performed by MOSL, but will be escalated to the regulator, Ofwat.

More information on [market charges](#) can be found on the MOSL website.

Market governance also directs that MOSL must administer, but not arbitrate on, market disputes. There are three types of disputes: trading disputes, MO (market operator) disputes, and MAC (Market Arrangements Code) disputes. More information can be found on the Disputes page of the [MOSL website](#).



MOSL Service Delivery

MOSL operates the IT infrastructure, service delivery and necessary IT applications which underpin the market's operations.

At the heart of this is the central market operating system (CMOS). Our technology partner, CGI, supported MOSL in designing and building CMOS and continues to supply services to MOSL, for example, support of CMOS releases and updates, which apply defect fixes throughout the year (based on a code mandated release schedule).

While fit for purpose for market opening, (MOSL ran a period of 'shadow market operations' with industry to test the IT system in the lead up to 1 April 2017), CMOS will continue to be developed and refined through a series of software updates, many of which have already been implemented. Up-to-date release notes are published on the [MOSL website](#).

Ensuring Success

MOSL plays an important role in ensuring the market operates effectively and delivers on its commitments to customers. Part of this role is to ensure that trading parties, both wholesalers and retailers, play their part in meeting the standards outlined in the Market Performance Framework (MPF).

Market Performance Standards (MPS) are a suite of measures to assess interactions in the central market. These apply to retailers and wholesalers. Operational Performance Standards (OPS) are a suite of measures used to assess bilateral wholesaler/retailer interactions. These apply solely to wholesalers.

Although performance against these measures are not a direct indicator of customer experience, these market measures can heavily impact on the end user experience, from the switching services to the accuracy of bills customers receive.

MOSL's role is to monitor performance against these standards and work with trading parties to drive improvements. More information on the MPF and MOSL's improvement activities can be found in the [Market Performance Operating Plan \(MPOP\) 2019/20](#).



STRATEGY 2018-23

MOSL's strategy has been developed to drive forward the company and ensure that it plays its part in the effective and efficient operation of the business retail water market. It outlines its vision and purpose, and sets out its responsibility to the market and its customers through the services it provides.

Vision

A competitive market that benefits end customers.

Purpose

To provide the infrastructure, information and governance services effectively and efficiently to enable the competitive retail water market to operate and evolve for the benefit of end customers.

Responsibilities

To customers: while MOSL doesn't have a direct relationship with customers, it seeks to work with its members and stakeholders to improve the market for the benefit of customers.

To the market: competitive markets need lots of players, customer propositions and trades, so they must be efficient. As market operator, MOSL has a fundamental role to play in ensuring that it is easy for companies to do business at a low transaction cost.

External Environment

MOSL aims to be flexible and responsive to wider market developments and market dynamics, particularly where they impact upon the business water retail market.

Some examples of wider market developments:

- political, e.g. trust, debate about best model to deliver water services;
- policy and regulatory, e.g. PR19, new markets such as bio-resources and water resources, household competition, metering competition, multi-utility offerings, cross-border issues; and
- technological, e.g. digitalisation, blockchain.

STRATEGIC PILLARS

- 1. Stabilisation:** investing in people, processes and systems so to have the expertise and agility to do things in a timely and accurate way, underpinned by a reliable system and repeatable market processes.
- 2. Service:** focusing on delivering high quality, reliable services that are compliant with the codes. To achieve this, MOSL will build reporting capability and tools to provide information and insight on key areas such as data quality and market monitoring that can be used to enable a better functioning market.
- 3. Engagement:** continuing to engage proactively, while recognising the importance of being cost effective in doing so. This will be done by supporting and facilitating discussions and workgroups on key market issues, and providing service focussed engagement to its members.
- 4. Governance:** being a proactive facilitator of the market governance arrangements to help drive a smoother market operation. It will also enable MOSL to deliver value for its members and to evolve the central system in which it has invested.
- 5. Innovation:** MOSL believes that digital capability and innovation can help towards improving the market as a whole by easing market friction and reducing overall costs. Its digital initiatives will focus on solutions that cater for the needs of players in the market and reduce barriers.

VALUES

Expertise

A learning organisation, using its knowledge, experience and analytical skill to get inside complex issues. Making sound, evidence-based decisions in a fair and impartial way and looking for new and innovative ways to solve problems.

Respect

Welcoming diversity of opinion as a source of strength and consultative in its approach. Understanding of the needs and views of others, recognising they may legitimately see things differently.

Clarity

Open, honest and accountable, communicating clearly and succinctly, being clear about issues and intentions and the reasons behind decisions. Cutting through complexity to make things intuitive, clear and simple.

Influence

Using its knowledge to help shape both the market and the views of stakeholders in the best interest of the market. Taking decisions, engaging on the issues and tracking progress.

RELOCATION TO SOUTHAMPTON

MOSL successfully relocated to Southampton from London during 2018/19 and is now fully operational there. Under the leadership of the newly appointed CEO, Sarah McMath, MOSL is undergoing a renewal of its purpose and strategy to ensure that it is well positioned to drive changes and improvements to the market for the benefit of end customers that go beyond the provision of essential market operator services.



THE MOSL BOARD

MOSL's Board has been appointed to ensure the values and standards of the company are upheld, overseeing its performance in line with Ofwat, customers and members' expectations. The Board will use its position to encourage MOSL to achieve its objectives within the obligations set out by the market and market codes of practice.

The MOSL Board sets the strategic direction for MOSL, future scanning as to the services MOSL can and should provide. The Board is responsible for submitting an annual business plan to members for their approval and for monitoring MOSL's delivery of that plan.

The Board is responsible for ensuring good governance. While MOSL is funded by its members, it is important that it remains independent and conducts its business objectives impartially and without undue influence from any group or individual member. All Board members, including those elected as retailer/wholesaler representatives, must act impartially and for the good of the market rather than individual membership categories.

The Board ensures that MOSL's obligations are met by setting the values and standards of the company, overseeing the performance of the senior management team and ensuring that the required resources are available to enable MOSL to achieve its objectives. The Board is also responsible for the appointment and succession planning for the CEO.

More information on the MOSL Board can be found on the [Governance page](#) of the MOSL website.

The Board currently consists of five non-executive Directors and a non-executive independent Chair, together with the MOSL Chief Executive, Sarah McMath, who joined MOSL on 3 June 2019. The Board is led by Jim Keohane, who joined as Chair on 1 September 2017.

BOARD MEMBERS

- ◆ Jim Keohane - Chair
- ◆ Margaret Beels - Independent Non-Executive Director
- ◆ Simon Orebi Gann - Independent Non-Executive Director
- ◆ Josh Gill – Non-Executive Director, elected by unassociated retailers (retailers with no association to established wholesalers/water companies)
- ◆ Andy Hughes -Non-Executive Director, elected by associated retailers (retailers established as 'retailer arms' of established wholesalers/water companies)
- ◆ Mel Karam - Non-Executive Director, elected by wholesalers (to be replaced through a member election process in September 2019)
- ◆ Sarah McMath – MOSL Chief Executive

THE ROLE - NON-EXECUTIVE DIRECTOR

Purpose

The non-executive director shares the collective responsibility of board members for ensuring that the Board of MOSL is successful; effective in setting and implementing an appropriate strategy, and that it remains focused on the key issues facing the industry.

Key Responsibilities

- ◆ To constructively challenge and help develop proposals on strategy, to ensure that MOSL is focused on the key strategic issues to ensure success
- ◆ To ensure that the Board learns lessons from other markets and sectors, testing whether there are models or best practice that may assist in how best to deliver success
- ◆ To work with the CEO and management to ensure effective implementation of the changes arising as the competitive market develops
- ◆ To work with the CEO to plan agenda for Board Meetings which take full account of the issues and concerns of all members and devote sufficient time for discussing complex or contentious issues
- ◆ To work with the CEO to ensure that a Business Plan is submitted to, and approved by, the Members each year
- ◆ To ensure as a board that appropriate objectives are established for the CEO and management, and to monitor performance of the CEO and management against those objectives
- ◆ To ensure the highest standards of governance, having regard to the nature of MOSL as a Membership organisation, the existence of industry Codes and the important roles of the Panel, Ofwat and Defra
- ◆ To satisfy him/herself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible
- ◆ By mutual agreement with the Board Chair, the candidate may Chair the Panel on some occasions.

PERSON SPECIFICATION

Experience and Skills

- ◆ Broad business leadership and commercial skills, with the ability to challenge and be challenged and collectively steer MOSL through complex discussions to reach consensus view, where appropriate, through an open and collaborative approach
- ◆ Sufficient familiarity with and understanding of the commercial, governance and regulatory issues in a regulated industry to be able to participate fully in discussions and reach an agreed position amongst member companies, understand and explain the diversity of positions within the industry. Experience in areas including finance, strategy, change management and HR will be relevant.
- ◆ A well-developed understanding of risk, in all its facets, across the business
- ◆ Influencing and negotiating skills, a strong collaborator and highly strategic in approach
- ◆ Well-honed emotional intelligence, able to align and build trust across a broad range of stakeholders in different sections of the market
- ◆ A seasoned and robust individual who is intellectually strong and has the understanding and experience to demonstrate that they really think 'customer'



TERMS AND CONDITIONS OF APPOINTMENT

- ◆ All MOSL Board members are required to sign up to a code of conduct to act impartially and in the best interests of the water retail market and its customers
- ◆ Remuneration for the role is £25,000, with a supplementary fee for chairing a Board Committee
- ◆ It is anticipated that the role will typically require a time commitment of around 20 days per year.
- ◆ Appointed for a term of three (3) years.
- ◆ The successful candidates will ideally live within a one-hour commute to Southampton

HOW TO APPLY

Saxton Bampfylde Ltd is acting as an employment agency advisor to MOSL on this appointment.

Candidates should apply for this role through our website at www.saxbam.com/appointments, using code QAOKD.

Click on the 'apply' button and follow the instructions to upload a CV and cover letter.

The closing date for applications is **Thursday 17 October**.

GDPR personal data notice

According to GDPR guidelines, we are only able to process your Sensitive Personal Data (racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data, health, sex life, or sexual orientation) with your express consent. You will be asked to complete a consent form when you apply and please **do not** include any Sensitive Personal Data within your CV (although this can be included in your covering letter if you wish to do so), remembering also not to include contact details for referees without their prior agreement.

The equal opportunities monitoring online form will not be shared with anyone involved in assessing your application. Please complete as part of the application process.

APPENDIX - ROLE OF THE PANEL

Meeting monthly, the Panel carries out the following activities:

- ◆ Keeps the contents of the Wholesale-Retail Code under review to ensure that they continue to reflect the objectives and principles and, where a change is required, nominate a panel member to make change proposals.
- ◆ Keeps the contents of the Market Arrangements Code under review.
- ◆ Works with the MO to develop the scope and audit plan for each market audit.
- ◆ Reviews and comments on any market audit reports.
- ◆ Provides advice, recommendations and support to the MO on request in order to assist a trading party in successfully carrying out and satisfactorily completing the relevant market entry assurance processes and the market re-assurance processes.
- ◆ Comments or provides advice to the MO on request in relation to any market entry assurance plan or market re-assurance plan.
- ◆ Considers and comments on the draft MO budget and market operator charges, list of additional services and additional services charges.
- ◆ Considers, votes on and, where appropriate, makes recommendations to the Authority (Ofwat) in respect of any change proposal and charging change proposal in respect of the Wholesale-Retail Code and Market Arrangements Code.
- ◆ Approves all forms and supporting documents that the MO is required to produce under the code subsidiary documents (CSDs) from time to time.
- ◆ Receives and considers reports from the MO on performance by trading parties or any other matters as specified in the market terms, including the CSDs.
- ◆ Performs the role and functions of the panel in relation to a trading dispute.
- ◆ Receives reports from its market performance committee on a standing basis.
- ◆ Oversees the administration of the market performance.
- ◆ Receives reports from its market incident management plan committee.
- ◆ Establishes panel committees, delegates any of the panel's role and functions to panel committees.
- ◆ Reports to the Authority on the activities of the panel, the trading disputes committee, the market performance committee and the market incident committee.