



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

Room G/8, 1 Horse Guards Road, London, SW1A 2HQ

Telephone: 020 7271 0839

Email: acoba@acoba.gov.uk

Website: <http://www.gov.uk/acoba>

January 2020

Dear Dr Wright,

1. You sought the Committee's advice about taking up a commission with Scottish Power Energy Networks (SPEN) under your independent consultancy. The Committee has now considered this commission.

Appointment Details

2. You seek to work with SPEN as an advisor to the Customer Engagement Group (CEG). SPEN describe themselves as a Distribution and Transmission Network Operator, they transmit, distribute and connect electricity to and from 3.5 million homes and businesses throughout Central and Southern Scotland, North Wales, Merseyside, Cheshire and North Shropshire. SPEN's website states the CEG will play a crucial role in scrutinising their engagement with stakeholders, ensuring their business plan is robust by challenging priorities and understanding the changes occurring in the energy industry at a national and local level. It will also review their investment proposals and innovation strategies, future network requirements and the support available for vulnerable customers.
3. You told the Committee that CEGs are part of the process by which electricity customers' interests are properly represented in the setting of price controls for regulated monopoly energy networks. There is a separate group established for each of the energy network companies. CEGs are required to be independent of both the regulated company itself and the regulator, Ofgem. Although your contract will be with SPEN, which acts as the secretariat, you will be accountable to the Chair of the CEG, and not the company. This is supported by Ofgem's guidance which states the primary function of CEGs is '*...not to provide direct advice or information to the company. If a member of the Group, because of their specialist expertise, is requested to do so then this must be done transparently. If a member of the Group is engaged in this capacity then it must not interfere with the effective functioning of the Group.*' You further note that at least at first, you would not be a member of the group itself, but an advisor to it; and the post will not involve direct engagement with Ofgem, your former employer.
4. You further stated that in your executive role at Ofgem you were not directly involved in the network price control process, except as a member of the Ofgem Board; you did not have any executive responsibilities for the networks price controls which determine SPEN's funding at Ofgem (other than indirectly, during

your short period as interim CEO in 2013); you were not directly involved as an executive in any decisions relating to the current price control; nor did you have any responsibility for Ofgem's relationship with SPEN's management.

5. You stated you had no special insight or knowledge from your time at Ofgem above that of an industry expert. You also noted to the Committee that it is now more than a year since you left Ofgem and almost 21 months since you held an executive level post; and you have an established profile as a consultant and academic, independent of your previous position at Ofgem.
6. The Committee took into consideration Ofgem's view in relation to you setting up a consultancy, and the likelihood you may have access to privileged information that could unfairly advantage companies in the energy sector. Ofgem confirmed that given the time that has passed since you had detailed involvement within Ofgem it is *"...likely that he will no longer know anything significant that isn't already in the public domain following recent announcements."* This took on board that your role as a member of the Gas and Electricity Markets Authority (GEMA - the governing body of Ofgem) ended on 12 June 2018 and your last day in the Crown service was 31 August 2018.

Committee's consideration

7. The Committee¹ considered this commission to be consistent with the description of your consultancy which you described as advisory work in relation to the energy industry (including interactions with other sectors, such as transport, housing). You said the focus is most likely to be in relation to innovative business models, including community and local energy ventures, looking to take advantage of the technological changes currently impacting the sector, including: distributed energy, distributed system operation, smart grids, demand response, storage, smart metering, data and artificial intelligence.
8. When considering this application the Committee took into account that although this is connected to the area of work you did in office, you did not have any executive responsibilities for the networks price controls which determine SPEN's funding at Ofgem other than indirectly, during your short period as interim CEO in 2013; and no involvement in the management of Ofgem's relationship with SPEN nor the current price control. The Committee does not consider there is any evidence this role may be perceived as a reward for decisions or actions taken in office.
9. The Committee did note that during your time at Ofgem you were responsible for the regulation of the electricity and gas system, including distribution policy. Therefore there could be a perceived risk you could provide SPEN with an unfair advantage due to your access to privileged information. However, the Committee took into consideration Ofgem's previous view that it was unlikely you would have anything significant that is not already in the public domain. The Committee also took into consideration that this role will be with a separate group, with defined independence from SPEN. It is also relevant that it has been approximately 17 months since you left Crown service.
10. There is an inherent risk in cases such as this that it may be perceived your contacts within Ofgem might assist SPEN unfairly. However, the Committee considered the

¹ This application for advice was considered by Sir Alex Allan; Jonathan Baume; Baroness Angela Browning; Terence Jagger; Dr Susan Liautaud; Richard Thomas; Lord Larry Whitty and John Wood.

risk associated with the possibility of you offering an unfair advantage to SPEN via the CEG are adequately mitigated by the conditions imposed on your independent consultancy which make it clear that any use of privileged information or contacts gained in Government/Crown service to the advantage of SPEN would be inappropriate.

11. In accordance with the Government's Business Appointment Rules, the Committee advises your work with **Scottish Power Energy Networks (SPEN)** be subject to the same conditions as your independent consultancy:

- you should not draw on (disclose or use for the benefit of yourself or the organisations to which this advice refers) any privileged information available to you from your time in Crown office;
- for two years from your last day in Crown service, you should not provide advice to any company or organisation on the terms of, or with regard to the subject matter of, a bid or contract relating directly to the work of Ofgem or any matter involving regulatory engagement with Ofgem;
- for two years from your last day in Crown service you should not become personally involved in lobbying the UK Government on behalf of those you advise under your independent consultancy or their subsidiaries, partners or clients. Nor should you make use, directly or indirectly, of your Government and/or Crown Service contacts to influence policy or secure business or funding on their behalf; and
- for two years from your last day in Crown service, before accepting any commissions and or/before extending or otherwise changing the nature of any commission, you should seek advice from the Committee. The Committee will decide whether each commission is consistent with the terms of the consultancy and consider any relevant factors under the Business Appointment Rules, including whether additional conditions should be imposed.

12. By 'privileged information' we mean official information to which a Minister or Crown servant has had access as a consequence of his or her office or employment and which has not been made publicly available. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act, the Civil Service Code or otherwise.

13. The Business Appointment Rules explain that the restriction on lobbying means that the former Crown servant/Minister "*should not engage in communication with Government (Ministers, civil servants, including special advisers, and other relevant officials/public office holders) – wherever it takes place - with a view to influencing a Government decision, policy or contract award/grant in relation to their own interests or the interests of the organisation by which they are employed, or to whom they are contracted or with which they hold office.*"

14. I should be grateful if you could let me know when you take up this commission, or if it is announced that you are to do so. This will enable the Committee to publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

Yours sincerely

Isabella Wynn
Committee Secretariat