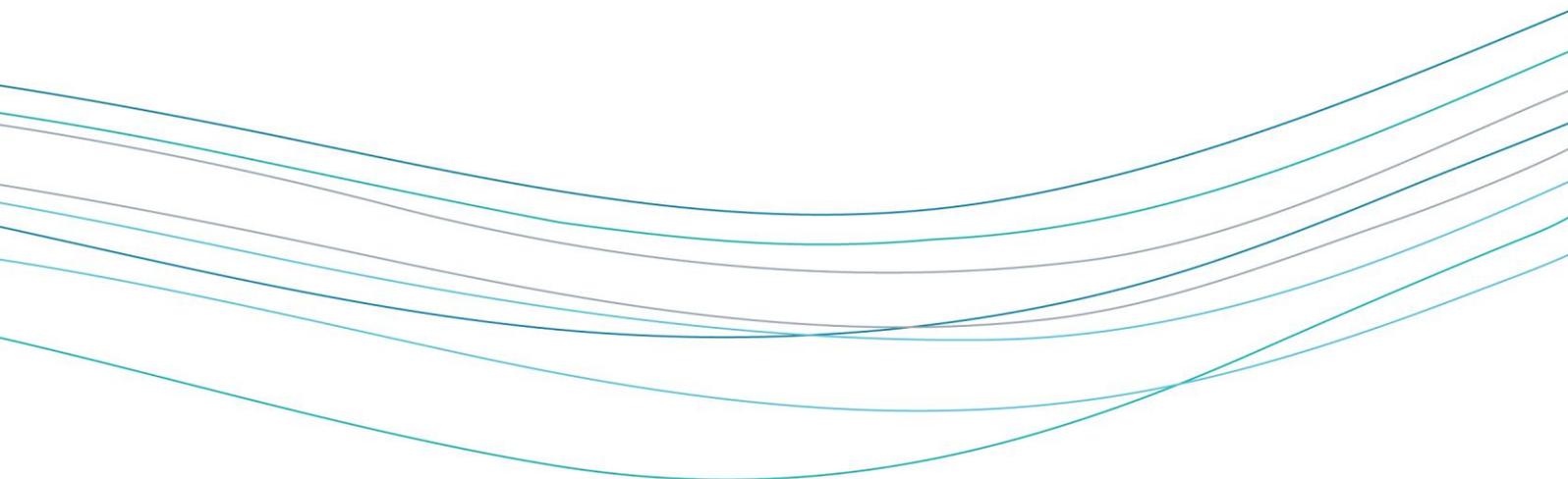


MOSL Quarterly Report (Q2 2020)

Providing an update on progress against MOSL's 2020/21 Business Plan



## Business Plan commitments – Executive Summary

MOSL's [first quarterly report](#) was published on 20 July 2020, at the same time as the water retail market was managing and navigating the impact of COVID-19. As market operator, we played a central role, with support from Ofwat and trading parties, in providing stability for the market during this unprecedented time.

During this time, while providing significant support to mitigate the impact on trading parties, we have continued with the delivery of our [2020/21 Business Plan](#) commitments. In this report, we will provide progress against these commitments for quarter two and the deliverables for the upcoming quarter.

As a reminder, the main objective of MOSL's 2020/21 Business Plan was to create an environment and provide the right capabilities to make it 'easier to do business' in the market. In order to achieve this objective, the business plan was categorised under five themes;

- ◆ Service Excellence
- ◆ Market Assurance
- ◆ Market Improvement
- ◆ Governance
- ◆ Building Capability

Commitments were made under each of these themes and we have ensured that their delivery remains a priority alongside addressing the ongoing challenges the market faces in the current climate. As a result of COVID-19, some of the commitments have progressed more steadily than others, whilst some have not progressed to their original timeline. Where there have been delays to a commitment, we will be fully transparent as to why and the impact on its overall delivery.

The last report referenced the MOSCAR framework, which was introduced to ensure that potential risks and issues were identified and effectively managed. We continue to use the framework to support the delivery of our commitments.

We would like to thank the trading parties who provided feedback on our first report. Taking on board this feedback, this quarter's report has a slightly different layout and includes a dedicated risk and issues section for each of the commitments.

This report provides updates on the accomplished milestones, milestones that are due next quarter and associated risks and mitigating plans where necessary.

This quarter has seen significant progress being made across the business plan commitments. Some of the key successes include;

- ◆ The completion of the Targeted Audit 2020/21 business plan commitment with the extension of PricewaterhouseCoopers (PwC) contract to serve as the market auditor for one year (2021/22)
- ◆ The appointment of independent consultant, Satori Board Review to undertake the review of Panel effectiveness, which is a deliverable under the ‘Good Working Practice’ Governance commitment
- ◆ The approval of the Full Business Case (FBC) for the Bilateral Transactions Programme and the acceleration of the pilot
- ◆ The five identified priority areas of the Strategic Metering Review and an initial assessment of the highest value pain points approved by the Panel at its September meeting
- ◆ The development of updated Paired Improvement Plans (PIPs) to assist wholesalers and retailers to collaborate on key issues such as occupancy and long unread meter readings.

The diagram below provides a visual overview of the progress of each key theme in the [2020/21 Business Plan](#).

As with our first quarterly publication, we would welcome trading parties’ feedback on the content and structure of this report.

### Key Themes - Completion rate



## Service Excellence (SE)

Completion of commitments under the theme of Service Excellence is currently assessed at 69% complete.

In our 2020/21 Business Plan, we stated that:

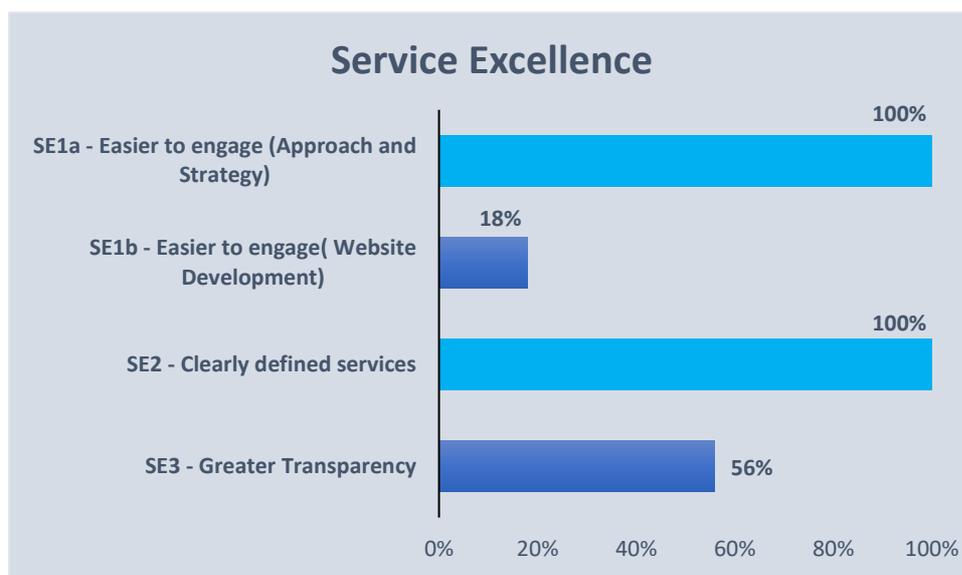
*“Our priority focus for 2020/21 will be to ensure that the services we provide on behalf of the market are delivered seamlessly, efficiently and transparently.”*

The focus on delivering Service Excellence is based on providing services which are easy to access and provide value for money for trading parties, ultimately for the benefit of customers.

We made three commitments to facilitate the delivery of Service Excellence;

- ◆ SE1 - Easier to engage (Channel management approach and website development)
- ◆ SE2 - Clearly defined services
- ◆ SE3 - Greater transparency

In the last quarter MOSL has successfully completed one of the above commitments (SE2 – Clearly defined services), and work continues to progress on the delivery of ‘Greater transparency’ and ‘Easier to engage’. We have also separated commitment SE1 into two areas; website development and the approach and strategy, to clearly articulate the deliverables of the commitment. The [Channel Management Strategy](#) was published in June 2020 and within this document it was stated that the MOSL website redesign would be the first phase of the channel management workstream. The activities for the redesign of the website have already commenced. See the completion rate in the graph below.



## SE1- Easier to Engage

In our 2020/21 Business Plan we committed to making it easier to engage with MOSL through a simplified set of communications channels through which we would deliver our services. Our commitment of making it ‘easier to engage’ is heavily reliant on redefining our services. Now that we have completed work to review and update MOSL’s services, we have been building on this work as part of our channel management strategy and website redesign.

The review of our website includes how we make information available, how members and stakeholders access our services and how we respond to trading parties’ requests or queries. The purpose of the redesign project is to move to a ‘single front door’ through which members can find information and access our various systems/processes through a phased integration, including our central system (CMOS), the Medium Volume Interface (MVI) and the Bilaterals ‘Hub’ (the latter of which is being developed in parallel).

Quarter 2 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> <li>High-level user requirements of the new website and integrated services, such as Enhanced Change Delivery</li> </ul>	<ul style="list-style-type: none"> <li>The prioritisation and approval of the functional and non- functional website user requirements</li> <li>The creation of a stakeholder users’ group (trading party volunteers) that will take part in testing the website to ensure that the user requirement and the navigation of the new design is intuitive. We will also seek to work with stakeholders through groups already established such as the User Forum and Retailer Wholesaler Group (RWG)</li> </ul>
<ul style="list-style-type: none"> <li>The development of the first draft of wireframes</li> </ul>	<ul style="list-style-type: none"> <li>Initial development stage of the new website towards delivering a Minimum Viable Product (MVP) in March 2021</li> </ul>

## Risk and Issues

The following material project risks and/or issues have been identified since our previous Quarter 1 report. These are detailed below together with our mitigation plans.

The delivery of this commitment has to date been impacted by resource required to support the market during COVID-19. As such, the timelines for the delivery of the initial work has been delayed.

## Mitigation

We will be reprioritising internal resource to support the delivery of this commitment, this includes project management and SME support. As part of the Government's newly introduced Kickstart scheme, we are also looking to recruit a Digital Communications Administrator to provide administrative support to the programme of work from January/February 2021. This will be at no additional cost to MOSL or trading parties as the scheme is funded by Government.

## SE2 – Clearly Defined Services

This commitment has been completed, embedded as business as usual practice with benefits being realised.

In our business plan we recognised the need to have clearly defined services as vital to attaining Service Excellence. We reviewed and updated our MOSL services and will continue to provide clarity on how we measure and report against them. [MOSL's Market Services Framework](#) was revised from 13 to 12 market services grouped into four areas- Market Operation, Market Assurance, Market Improvement and Governance and Support services. This was published in June 2020.

## SE3 - Greater Transparency

In our business plan we committed to providing greater openness and transparency regarding the services we offer and our performance against them. In June 2020, we issued our newly defined Market Services Framework which catalogues twelve services that we provide to the market, grouped together as above.

Our Annual Report and Financial Statements published in June, included detailed reporting on the Key Performance Indicators (KPI's) for each of our services, as well as a range of other measures to help give greater context and understanding of what we do. We committed to providing continued reporting on these KPI's each quarter, starting from the end of the second quarter (October 2020).

Quarter 2 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> <li>Publication of MOSL's first detailed assessment of performance in June 2020 as set out above. This forms a baseline against which we track performance through 2020/2021</li> </ul>	<ul style="list-style-type: none"> <li>Publication of MOSL's next updated reports in October 2020 and January 2021</li> </ul>
<ul style="list-style-type: none"> <li>Improved internal processes to collate reporting, with clearer ownership over each metric and supporting methodologies to ensure they are calculated on a consistent basis</li> </ul>	<ul style="list-style-type: none"> <li>Improvements in Key Performance Indicator (KPI) report for the next financial year, as part of the wider work to improve our website.</li> </ul>

### Risk and Issues

There are no material risks or issues that currently impact the delivery.

### Market Assurance (MA)

Completion of commitments under the theme of Market Assurance is currently assessed at 72% complete.

In our 2020/21 Business Plan, we stated that:

*“By providing robust, intelligent assurance about the performance of the market and its participants, we can actively contribute to making it a more efficient and effective place for our members to do business.”*

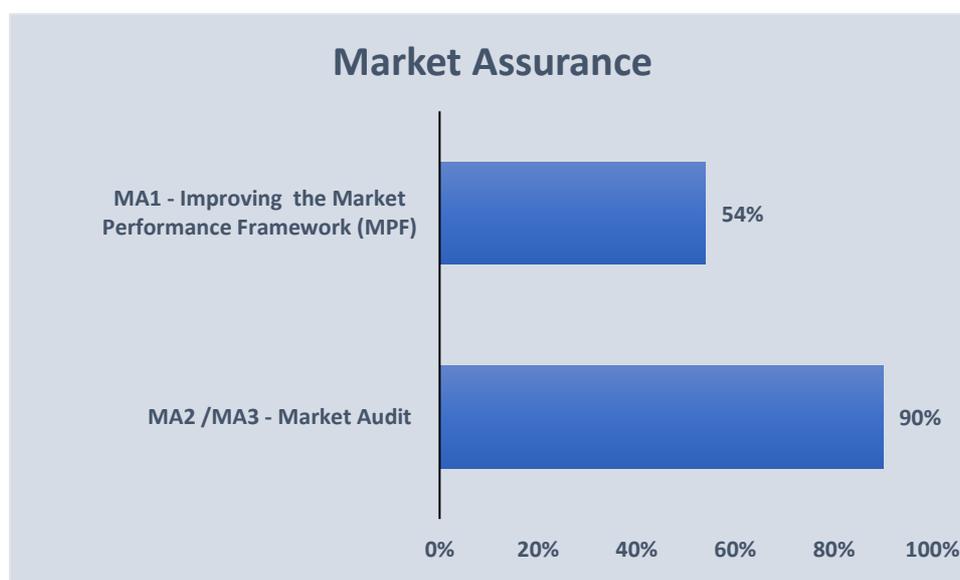
The way in which MOSL measures the performance of the market and its trading parties is through the analysis of the Market Performance Standards (MPS), Operational Performance Standards (OPS) and annual market audit.

Although a lot of work has been done to improve performance reporting, for example, through the bi-annual publication of peer comparison league tables, we recognised that there was still need for further improvement in this area.

We made three commitments to facilitate the delivery of Market Assurance;

- ◆ MA1- Improving the Market Performance Framework (MPF)
- ◆ MA2 and MA3- Market Audit (This is an amalgamation of the targeted market audit activity and developing the future market audit approach)

MOSL has worked closely with the Market Performance Committee (MPC) to develop the scope and roadmap for improving the Market Performance Framework, while also working with the audit committee to ensure that the market audit workstreams deliver outputs which will allow MOSL to address findings from previous market audits. See the completion rates in the graph below.



### MA1- Improving the Market Performance Framework (MPF)

In our 2020/21 Business Plan we committed to addressing the first phase of the three-year roadmap to improve the Market Performance Framework. The roadmap focused on several key elements including data quality improvements to support the enhanced performance framework; the introduction of qualitative measures; and

a more effective performance rectification process. We also committed to identifying potential performance standards for removal, or simplification, where they have been identified as adding little benefit for customer outcomes or assurance of parties’ performance.

Quarter 2 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> <li>◆ An end-to-end review of the current performance standards (MPS and OPS).</li> </ul>	<ul style="list-style-type: none"> <li>◆ The publication of a set of recommendations from a performance standard review</li> </ul>
<ul style="list-style-type: none"> <li>◆ Agreed scope on the data cleanse activity</li> </ul>	<ul style="list-style-type: none"> <li>◆ The production of a data cleanse and incentive plan</li> </ul>
<ul style="list-style-type: none"> <li>◆ Request for Information (RFI) scoped to better understand the cost of poor-quality data and approach to delivering and sustaining improved core data</li> </ul>	
<ul style="list-style-type: none"> <li>◆ Retailer Measure of Experience (R-Mex), the first qualitative measure in MPF, has been refined from its original design and issued to retailers</li> </ul>	<ul style="list-style-type: none"> <li>◆ The publication of peer-comparison results from the first R-MeX survey</li> </ul>
	<ul style="list-style-type: none"> <li>◆ The publication of the R-MeX result analysis to map against wholesaler and retailer performance against MPS and OPS</li> </ul>

## Risk and Issues

There are no material risks or issues that currently impact the delivery.

## MA2 and MA3 – Market Audit

This commitment was made to put in place a targeted scope of activity for the market audit in 2020/21 and develop a multi-year audit strategy to incorporate a blended use of MOSL and third-party resources.

Quarter 2 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> <li>◆ A scope for the targeted 2020/21 audit</li> </ul>	<ul style="list-style-type: none"> <li>◆ Further targeted audit activity, as a result of COVID-19 unwinding activity, to provide assurance around the treatment of non-household premises and the impact on timely and accurate settlement</li> </ul>
<ul style="list-style-type: none"> <li>◆ PricewaterhouseCoopers (PWC) contract extension to serve as the market auditor for 1 year (2020/21) and deliver on the agreed scope</li> </ul>	<ul style="list-style-type: none"> <li>◆ A risk-based approach to the market operator compliance audit to provide a targeted means of assuring MOSL's compliance against its obligations</li> </ul>
<ul style="list-style-type: none"> <li>◆ Panel Audit sub-group review of the scope for 2020/21 trading party compliance audit activities. Accordingly, the following audit work has been undertaken in Q2:</li> <li>◆ The approach trading parties undertook to applying temporary COVID-19 vacancy flags</li> <li>◆ How retailers assessed and reported on COVID-19 payment deferral</li> <li>◆ The closing out of settlement assurance work spanning 2019/20 and 2020/21 settlement periods</li> </ul>	<ul style="list-style-type: none"> <li>◆ A revised approach to a multi-year audit strategy</li> </ul>

## Risk and Issue

There are no material risks or issues that currently impact the delivery.

## Market Improvement (Mi)

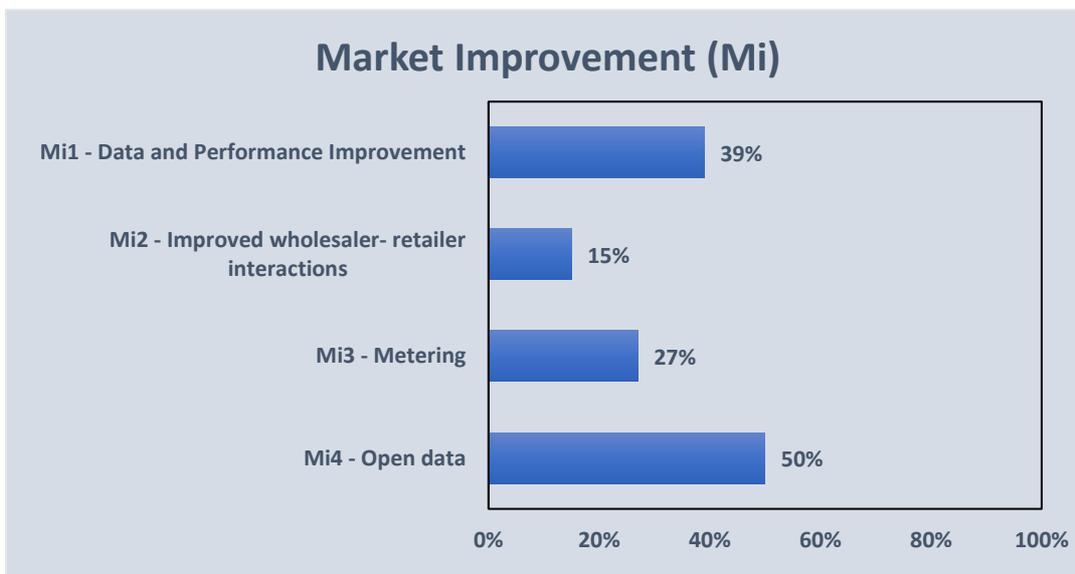
Completion of commitments under the theme of Market Improvement is currently assessed at 33% complete.

In the third year of the market, MOSL recognised the need to rapidly address key market frictions still hampering progress in the market. These issues include; the need to create a more efficient way for wholesalers and retailers to collaborate and serve customers efficiently; address metering issues, improve data quality and performance and make data more accessible to trading parties.

In order to address these issues, in its 2020/21 Business Plan, MOSL made four commitments to facilitate the delivery of Market Improvement:

- ◆ Mi1- Data performance and improvement
- ◆ Mi2- Improved wholesaler- retailer interaction
- ◆ Mi3- Metering
- ◆ Mi4- Open data

See the completion rates in the graph below.



## Mi1 – Data and Performance Improvement

The commitments captured in the [Market Performance Operating Plan \(MPOP\) 2020/21](#) include improving the quality of customer, premises and asset data, enabling timely and robust consumption data in addition to delivering the necessary remediation activity relating to COVID-19.

Quarter 2 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> <li>The delivery of core data quality improvement review and data cleanse plan</li> </ul>	<ul style="list-style-type: none"> <li>The publication and analysis of a Request for Information (RFI) for the data cleanse plan</li> </ul>
<ul style="list-style-type: none"> <li>Proposals for addressing the root causes of incorrect vacancy reporting resulting in candidate changes to be further developed to the new connections process</li> </ul>	<ul style="list-style-type: none"> <li>Proposals for long term vacant premises deregistration</li> </ul>
<ul style="list-style-type: none"> <li>A revised approach to Pairing Improvement Plans (PIP)</li> </ul>	<ul style="list-style-type: none"> <li>The publication of proposed improvements to the vacancy challenge process. This will be aimed at streamlining this currently inefficient process</li> </ul>
<ul style="list-style-type: none"> <li>Guidance documentation to support trading parties to transition out of COVID-19</li> </ul>	

## Risk and Issues

There are no material risks or issues that currently impact the delivery. The resourcing challenges that impacted the delivery of the timely and robust consumption data workstream seen in the first quarter, have now been addressed.

## Mi2 – Improved wholesaler -retailer interactions (Bilateral Transactions Programme)

In our 2020/21 Business Plan, we committed to delivering the mandate from Ofwat to work with trading party members to develop a ‘bilateral transactions’ solution to address the issue of poor wholesaler-retailer interactions.

Due to the complexity involved in the delivery of this programme, the business case for the Bilaterals Programme was developed in three stages: Strategic Outline Case; Outline Business Case and Full Business Case.

At each stage the business case has been assessed against five criteria: Strategic, Economic, Commercial, Funding and Delivery. The Full Business Case concludes that there is a positive case for all criteria.

The business case has identified 24 benefits that the programme would deliver; 15 financial and 9 significant non-financial benefits.

Quarter 2 deliverable	Next Quarter’s deliverables
<ul style="list-style-type: none"> <li>◆ <a href="#">The Full Business Case</a> approved by the MOSL Board at its meeting on 30 September</li> <li>◆ Establishment of Technical Advisory group TAG</li> <li>◆ Establishment of ‘Pathfinder’ group</li> </ul>	<ul style="list-style-type: none"> <li>◆ The ‘Pilot’ Bilateral process (C1 - meter supply point verification) will be shared with trading parties in a webinar demonstration on the 21 October</li> </ul>
	<ul style="list-style-type: none"> <li>◆ High Volume Interface (HVI) definition document issued, baselined and shared with trading parties</li> </ul>
	<ul style="list-style-type: none"> <li>◆ The testing of the user deliverables in a sandbox environment by a Pathfinder group consisting of eight trading parties</li> </ul>
	<ul style="list-style-type: none"> <li>◆ Work commenced on the repair and replace meter process (B5)</li> </ul>

## Risk and Issue

The nature and complexity of this programme warrants its own Risk, Assumption, Issues and Dependencies (RAID) log. This is formally reviewed weekly with escalation to the Programme Board and Steering Group.

We are monitoring the risk that trading party input may be adversely affected by COVID 19. To date, this has not been the case and trading party input remains high. A mitigation plan is in place and being monitored.

### Mitigation

This included proactive communications with trading parties and sharing advisory group and Pathfinder activities across trading parties and groups as wide as possible. The dedicated Bilateral page on our website is a ‘self -serve’ resource for all information related to the progression of the bilateral programme. This is aimed at providing ease and flexibility in the way trading parties consume this information.

### Mi3 – Metering

The Strategic Metering Review is focused on identifying/surfacing all issues that are impacting the availability of accurate and timely consumption information in the market and defining a series of corrective actions. It comprises five core workstreams:

- ◆ Asset and data ownership
- ◆ Responsibilities and accountabilities
- ◆ Incentives and disincentives and the behaviours these drive
- ◆ Technology
- ◆ Data quality (both legacy and enduring)

Quarter 2 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> <li>◆ Mapping the current journeys relevant to metering and consumption while identifying the highest value pain points in each</li> </ul>	<ul style="list-style-type: none"> <li>◆ A deep dive into the five areas above, with a view to identifying short, medium and long term opportunities to improve the volume and quality of consumption data available in the market. This phase will run from October to March and will cover the <a href="#">following areas</a>;</li> <li>◆ Insight and context</li> <li>◆ Data analysis and validation</li> </ul>

	<ul style="list-style-type: none"> <li>◆ Clear problem statement</li> <li>◆ Wider industry engagement</li> <li>◆ Workstream plans</li> </ul>
<ul style="list-style-type: none"> <li>◆ The five priority review areas and an initial assessment of the highest value pain points were approved by the Panel at its meeting on 29 September</li> </ul>	<ul style="list-style-type: none"> <li>◆ The development of a high-level outline plan for each of the five workstreams (as above)</li> <li>◆ Update on Strategic Metering Review provided at CEO Forum on 5 November</li> </ul>

## Risks and Issues

There are no material risks or issues that currently impact the delivery, but there is a need to highlight that the timelines may be impacted, if the scope review areas become too large.

## Mitigation

This will be mitigated by conducting regular reviews of progress against deliverables and re-prioritisation of the priority areas with the Panel sub-group to ensure that the scope covered will still provide the benefits required to the market.

## Mi4 – Open Data

Improving data quality and insight is central to MOSL’s 2020/21 Business Plan and three-year purpose, vision and strategy and a number of our primary business plan commitments have specific objectives to deliver improvements in this area.

MOSL has continued to extend its customer segmentation, consumption analysis and geo-spatial analysis and has begun to share this data with trading parties. This provides powerful visualisation of some of the challenges and opportunities and ultimately provides the insight to allow the market to move away from a "One size fits all" approach, to allow trading parties to differentiate their services accordingly. Insight from this work is also being fed into the wider industry focus on water efficiency to support and drive the debate.

Building on initial insight, MOSL has continued to work with Isle Utilities to explore the concept and feasibility of generating and re-distributing additional value in the market. Isle has engaged with numerous trading parties to explore this and to shape a proof of concept to test the hypothesis that if you can influence the water usage

patterns of the top consuming NHH customers, you can affect a material change in demand that both contributes to the water efficiency challenges and unlocks real value that could be re-distributed across the market.

In parallel, MOSL is actively engaged in an Open Data Challenge as part of the Northumbrian Innovation Festival. Building on the success of the annual Innovation Festival, Northumbrian Water has engaged Sia Partners to run an Open Data Challenge as part of this year’s event. This will include a series of ‘proof of concepts’ (PoC), that will not only aim to prove the benefit of open data opportunities but will also test and provide an opportunity to build core elements of a future Open Data Strategy.

Quarter 2 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> <li>◆ The extension of customer segmentation, consumption analysis and geo-spatial analysis.</li> <li>◆ Over 70% of premises have been matched, with a high degree of confidence, to a combination of the Post Office Address File (PAF), Valuation Office Agency (VOA) and Companies House (SIC) datasets to identify the type of premise at three levels of granularity.</li> <li>◆ An improved algorithm to calculate the consumption banding for all premises has been developed, using a combination of the most accurate settlement runs available to build a weighted mean for each premises and to start to account for seasonal variation</li> <li>◆ This supply point data (and a view of Trade Effluent Discharge) has been overlaid onto a series of maps, built from other geographical datasets. For example, Water Resource Management Zones, EA Water Bodies, Protected Areas or Areas of Outstanding Natural Beauty and COVID Lockdown Zones</li> </ul>	<ul style="list-style-type: none"> <li>◆ The development of Market Data Quality and Insight plan on a page (PoaP)</li> <li>◆ Segmentation data to be shared with trading parties to support data cleanse activities and to further refine/extend the work to date.</li> <li>◆ RFI to be issued to trading parties exploring core data quality</li> </ul>

<ul style="list-style-type: none"> <li>Third party (<a href="#">Isle Utilities (page 3)</a>) to explore the concept and feasibility of generating and redistributing additional value in the market. A concept paper will be presented to MOSL in October</li> </ul>	<ul style="list-style-type: none"> <li>A concept paper on the feasibility of generating and re-distributing value in the market, through targeted water efficiency measures</li> </ul>
<ul style="list-style-type: none"> <li>Four Proof of Concept (PoC) use cases for Northumbrian’s Open Data Challenge have been agreed and MOSL will both host the data sharing initiatives and actively participate in some of these use cases</li> </ul>	<ul style="list-style-type: none"> <li>Execution of the Open Data PoCs</li> </ul>

## Risks and Issues

The following material project risks or issues have been identified since our Quarter 1 report. These are detailed below together with our mitigation plans.

Data protection obligations in the Market Arrangements Code (MAC) and Wholesale Retail Code (WRC) could limit the value that can be obtained from open data.

Being mindful that this could encroach on the competitive nature of the market. i.e. need to be mindful of the differentiated services that retailers are investing in.

## Mitigation

The risks highlighted above will be taken into consideration when defining a data sharing strategy.

## Governance (GOV)

Completion of commitments under the theme of Governance is currently assessed at 42% complete.

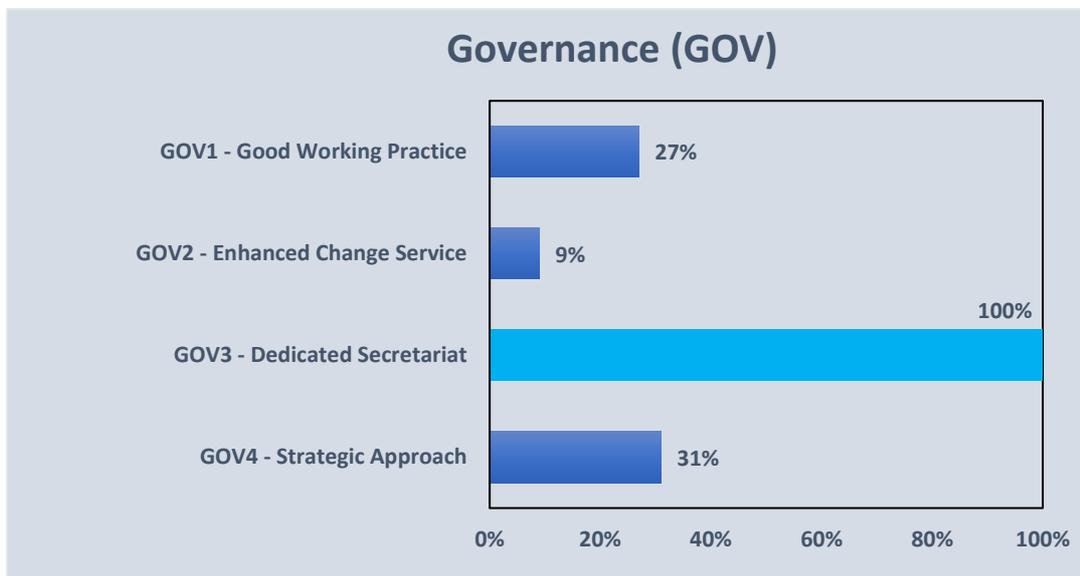
In our 2020/21 Business Plan, we stated that:

*“Robust, efficient and effective governance is an essential component of a well-functioning market, as well as being a key enabler for the change and improvement agenda that is required to deliver a step change in the success of the market.”*

MOSL made four commitments to facilitate the delivery of Governance;

- ◆ GOV1- Good working practice
- ◆ GOV2- Enhanced change service
- ◆ GOV3- Dedicated secretariat
- ◆ GOV4- Strategic Approach

See the completion rate in the graph below.



### GOV1 – Good Working Practice

In our 2020/21 Business Plan we committed to working with the Panel to improve the existing governance arrangements (building on the work completed last year which standardised the Panel’s approach to assessing change proposals; implemented new Panel voting rules to support efficient decision-making; and added a voting customer representative to the Panel).

Quarter 2 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> <li>◆ MOSL and the Panel have welcomed new Chairs</li> <li>◆ We have implemented associated governance improvements via market code changes:               <ul style="list-style-type: none"> <li>○ Separating the Chairs of the Panel and MOSL (as appointments above); and</li> <li>○ Aligning the market codes with amendments to MOSL board governance and adjustments to our Articles of Association</li> </ul> </li> <li>◆ Commenced the Market Governance Review</li> <li>◆ Appointed independent consultant, Satori Board Review to undertake the review of Panel effectiveness which will progress through Q3 2020/21</li> </ul>	<ul style="list-style-type: none"> <li>◆ Seek trading party feedback on the effectiveness of the Panel and market governance (as part of Panel effectiveness and Market Governance reviews)</li> <li>◆ Identify “quick wins” regarding good working practice and Satori will conclude its review of Panel effectiveness</li> <li>◆ The implementation of more substantive changes to market governance that arise from the recommendations of this work will progress through 2021.</li> </ul>

## Risk and Issues

There are no material risks or issues that currently impact the delivery.

## GOV2 - Enhanced Change Service

In our 2020/21 Business Plan we noted an upward trend in the volume of market changes arising from market improvement work. We committed to implementing new approaches to enhance our market change service to make it easier for trading parties to raise and engage on market changes. To support this work, we will be seeking input from industry stakeholders on potential improvements. Other improvements interact with MOSL’s channel management and technology roadmap and may need to be delivered in subsequent periods. These include plans to deliver dynamic web content that will show visitors the progress of live changes.

Quarter 2 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> <li>◆ Recruited two Market Design Analysts and transitioned secretariat responsibilities to new dedicated resource to enable analysts to provide enhanced support to change proposers</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reformed market change proposal forms, consultations and reports to improve clarity and accessibility</li> <li>◆ The development of end user guidance and FAQs for change proposers</li> </ul>

### Risk and Issue

Risks remain unchanged from our Q1 report. There is an interdependency between enhancing our change service, channel management and improvements to the MOSL website (see SE1 – Easier to Engage). The two workstreams are collaborating to mutually support their deliveries.

### Mitigation

Interdependencies are reviewed and monitored to assure alignment is maintained.

### GOV3 - Dedicated Secretariat

This commitment has been completed, embedded in business as usual practice with benefits being realised.

In our 2020/21 Business Plan we committed to establishing a dedicated secretariat function to deliver improved administrative and secretariat services to the Panel and its committees. We have appointed two Governance Managers, bringing experienced secretariat and governance experts into the business.

Our Governance Managers provide consolidated secretariat support and governance expertise to the Panel, its committees and groups as well as the User Forum.

### GOV4 - Strategic Approach

In our 2020/21 Business Plan we committed to working jointly with the Panel to develop and deliver against a strategic, multi-year roadmap for the market, incorporating the key areas of focus identified by the Panel in its Panel Plan. Work has moved ahead on the three key workstreams identified by the Panel. Two of which are

specific business plan commitments. The business plan commitments are Good Working Practice and Strategic Metering Review (see GOV1 and Mi3 for status and milestone updates). The other key workstream is the review of the market codes which will consider the case for simplification of the codes and innovation in progressing this work. The update below relates to the progress on the code review workstream.

In the next quarter (Q3 2020/21) we will be engaging the Panel in the development of our draft business plan for 2021-24. This will ensure that the Panel’s strategic priorities are considered in MOSL’s three-year business planning process.

Quarter 2 deliverable	Next quarter’s deliverables
<ul style="list-style-type: none"> <li>◆ Consultation to gather feedback on pain points and quantify the impacts of code complexity</li> </ul>	<ul style="list-style-type: none"> <li>◆ With support of the Panel Code Advisory Group, architectural principles will be developed and documented as part of the market code review</li> </ul>

### Risk and issues

There are no material risks or issues that currently impact the delivery.

## Building Capability (BC)

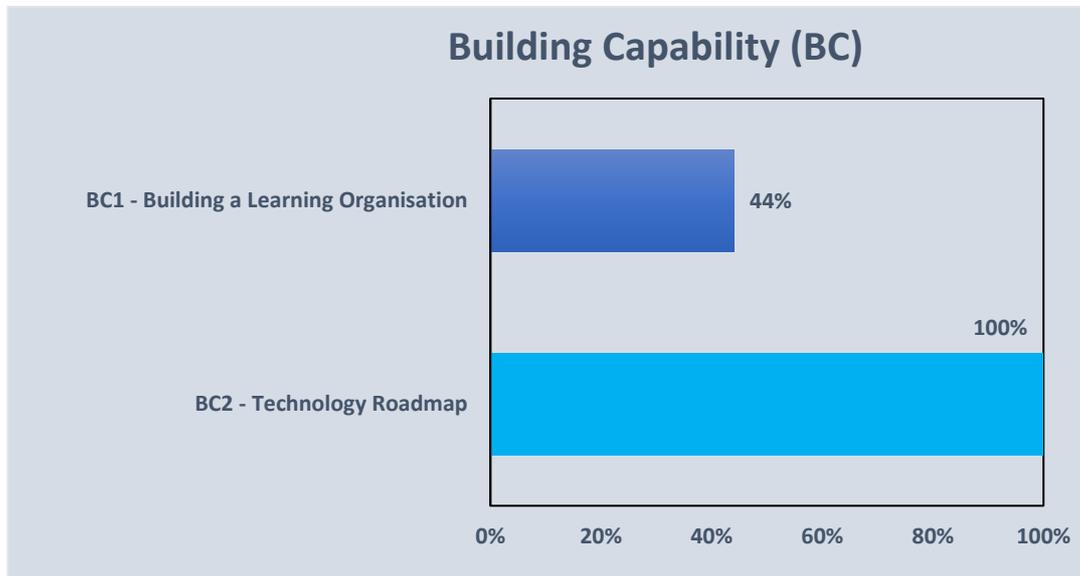
Completion of commitments under the theme of Building Capability is currently assessed at 72% complete.

In the 2020/21 Business Plan we stated that we will build MOSL’s people, data insight and technology capabilities, seeking to foster a culture of learning, collaboration and innovation across the market and help move the dial in all areas of market operation and improvement. This theme focuses on two things; people and culture and technology and data.

MOSL made two commitments to facilitate the delivery of Building Capability:

- ◆ BC1- Building a Learning Organisation
- ◆ BC2- Technology roadmap

As reported in our Q1 report that was published in July, the Technology Roadmap has now been completed and communicated with trading parties through various forums. See the completion rate in the graph below.



### BC1- Building a Learning Organisation

Following the relocation to Southampton in November 2018, and the high reliance on contractor resource, we committed to building capability within MOSL and placing learning at the centre of our organisation. This enables not only our colleagues to deliver an excellent service to the market but creates an environment that enables the market to thrive.

Quarter 2 deliverables	Next quarter's deliverables
<ul style="list-style-type: none"> <li>Reliance on contractor and third-party resources removed. All long-term contractor roles replaced with permanent employees, to ensure that knowledge is grown within MOSL and the cost to serve is reduced</li> </ul>	<ul style="list-style-type: none"> <li>Internal development plan for colleagues which is focused on colleagues growing their skills to support the delivery of their role. Training will include Practical Business Analysis and Project Management skills</li> </ul>
<ul style="list-style-type: none"> <li>The establishment of a small internal Legal team which includes bringing code drafting in house.</li> </ul>	<ul style="list-style-type: none"> <li>Government 'Kick Start' Scheme, establishing two new placement opportunities to support channel management workstream and Market Performance</li> </ul>

<p>The cost benefit of which is forecast to be c£140k per annum</p>	<p>with COVID-19 related activity. This will be cost neutral for the market</p>
<p>💧 Core skills development plan established for MOSL colleagues</p>	<p>💧 Following the launch of our Secondment Principles in January, grow our Secondment Opportunities to facilitate cross learning within the market</p>
<p>💧 Commencement of our Organisational Design activity to ensure that we understand the core capability required for MOSL to deliver its business commitments and that gaps are appropriately addressed.</p>	<p>💧 Conclude work on MOSL’s Organisational Design</p>

## Risk and Issue

Risks and issues remain unchanged from our Q1 report:

As with many of our commitments the risk to delivery, especially in relation to the development plan, will be managed alongside other priorities.

## Mitigation

We have looked to mitigate this risk by ensuring that the development plan does not clash with key deliverables or key times that would make it challenging for colleagues to commit. Development will be delivered remotely via Microsoft Teams.

## BC2- Technology Roadmap

This commitment has been completed, embedded as business as usual practice with benefits being realised.

In the 2020/21 Business plan, we highlighted the importance of technology and its ability to enable the market to operate efficiently. MOSL has been exploring options for the future provision of the core systems capability as part of our development of a longer-term, multi-year technology roadmap for the market. In order to understand the strategies that exist between MOSL and trading party systems and create a horizon view, there has been continuous engagement with trading parties and wider stakeholders.

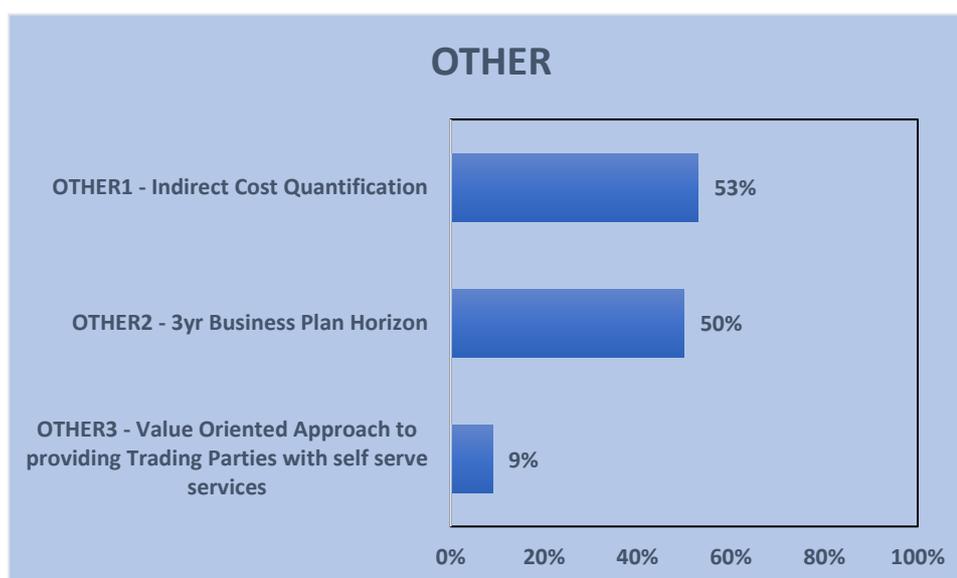
## OTHER

Completion of commitments under the theme of 'Other' is currently assessed at 37% complete.

In the 2020/21 Business Plan we included three overarching commitments aimed at driving greater efficiency and effectiveness. These commitments were:

- ◆ OTHER1 - Indirect cost quantification
- ◆ OTHER2 - Move to three-year business plan cycle
- ◆ OTHER3 - Value oriented approach to providing trading parties with self-serve services

See the completion rate in the graph below.



### OTHER1 - Indirect Cost Quantification

In our 2020/21 Business Plan we committed to improving our understanding of indirect cost of operating in the market and using this information to prioritise our resource and investments in a way that drives the most overall value for our members. We remain on track to meet this commitment.

We collected detailed information on the potential integration costs for the Bilateral Transactions Programme solution, as part of the Full Business Case. Together with previously collated indirect cost information, this allowed for a more complete assessment of total costs and benefits of the market. We have also completed

detailed analysis on the cost of the Panel and its committees to assist in our three-year business planning process.

Quarter 2 deliverable	Next quarter's deliverables
<ul style="list-style-type: none"> <li>◆ The development of an internal database on publicly available financial information on trading parties, making it easier to access key financial metrics and use these in assessing the potential market impact of change</li> <li>◆ Inclusion of estimated integration costs in the cost/benefit analysis for the Bilaterals Full Business Case – responding to feedback and enhancing the overall benefits assessment provided</li> </ul>	<ul style="list-style-type: none"> <li>◆ Engagement with the market to collect detailed cost information relating to the impact on indirect costs of poor market data</li> <li>◆ Enhance relationships at the senior finance level between MOSL and trading parties</li> </ul>

### Risk and Issues

Risks and issues remain unchanged from Q1 report:

There is a risk that trading parties may not be able to provide data on indirect costs to the level of detail required, or on a consistent basis.

### Mitigation

We are engaging with trading parties to ensure they have a clear understanding of why we are collating information and that we make it as easy as possible to provide it in the right format.

### OTHER2 - Move to three-year business plan cycle

As part of our 2020/21 Business Plan, MOSL made the commitment to move to a three-year business planning cycle. With most of the strategic initiatives anticipated to run across multiple years, we proposed moving to a three-year business planning cycle to provide a clearer view of delivery against the more complex, market-wide initiatives with a clearer cost-trajectory beyond one year.

This horizon planning and the changes we initiate, allows trading parties and MOSL to benefit from efficiencies that could be transferred from year on year.

Quarter 2 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> <li>Key themes for MOSL’s three-year business plan have been established along with ‘key investment areas’ identified for year one</li> </ul>	<ul style="list-style-type: none"> <li>Draft of the three-year business plan presented to MOSL Board</li> </ul>
<ul style="list-style-type: none"> <li>Key themes were presented at the Board meeting on 30 September</li> </ul>	

### Risk and Issues

There are no material risks or issues that currently impact the delivery. It should be noted that at this early stage of the business planning process material risks and issues have not yet been formalised. We will continue to monitor this during the next quarter (Q3 2020/21).

### OTHER 3 - Value oriented approach to providing trading parties with self-serve services

As part of our 2020/21 Business Plan, MOSL made the commitment to develop a ‘value-oriented approach to providing trading parties with self-serve’. Whilst this commitment specifically calls out ‘self-serve’, the Senior Leadership Team at MOSL believe that ensuring we operate with a value-oriented approach is an overarching requirement covering all business areas.

We have therefore decided that progress we have made with respect to enabling trading parties to ‘self-serve’ their data and reporting requirements and where they need to access key information or documents such as policies or forms will continue to be reported against commitment SE1- Easier to Engage.

In addition, under this commitment we will report on progress being made to introduce a MOSL Programme Approval Board. The aim of this Board will be to govern, approve and monitor all new change activity ensuring all change is value adding.

Quarter 2 deliverables	Next quarter’s deliverables
<ul style="list-style-type: none"> <li>Review and SLT agreement on long term aim of this commitment</li> </ul>	<ul style="list-style-type: none"> <li>Sign-off of Terms of Reference for the MOSL Programme Board</li> </ul>
<ul style="list-style-type: none"> <li>Establish MOSL internal working group to review options and approach to future project and funding approvals</li> </ul>	<ul style="list-style-type: none"> <li>Establish Programme Board and initiate meeting schedule</li> </ul>
<ul style="list-style-type: none"> <li>Draft Terms of Reference for the MOSL Programme Board</li> </ul>	

### Risks and issues

There are no material risks or issues that currently impact the delivery.

### Conclusion

In developing our second quarterly report for Q2 performance against our business plan commitments, we have sought to incorporate feedback from stakeholders. We have done this through the inclusion of an overall completion status for each of the commitments, through the articulation of Q3 deliverables and by providing more enhanced risk and mitigation sections for each commitment.

We have also considered the timing of the publication in line with the publication of this quarter’s reporting against our Key Performance Indicators (KPIs). Publishing both sets of reports together, aims to provide trading parties with a comprehensive overview of MOSL’s performance both in terms of our services and our commitments to the market.

We will continue to seek trading party feedback on this report to ensure it provides the information you would like to see; in the way you would like to see it. If you have any feedback on this report, please email the [Communications Inbox](#).