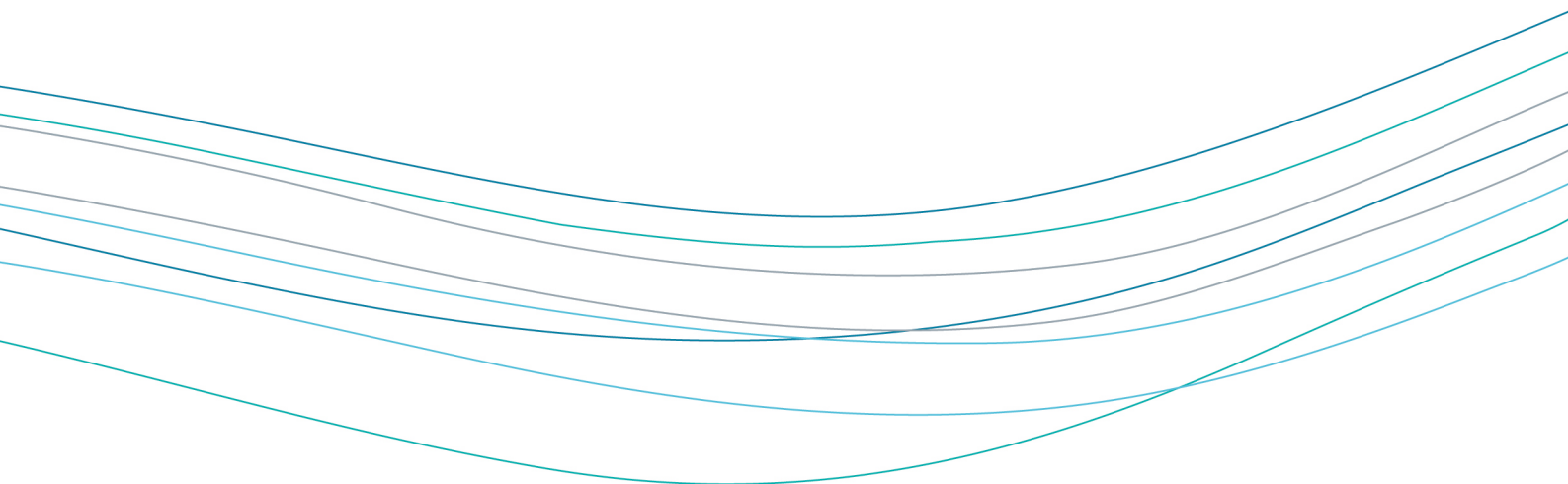


MOSL Quarterly Report (Q4 2020/2021)

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



## Business Plan commitments – Executive Summary

We are pleased to present our Q4 quarterly report which provides an overview of the progress made against our 2020/21 Business Plan commitments this quarter (January to March 2021). Following the introduction of quarterly reports in August 2020, this update concludes the summary reports for the 2020/21 financial year and provides an overall completion status for each commitment.

The report includes an overview of our performance and a summary of key deliverables. It also provides detailed updates on the key commitments as part of the business plan themes focusing on this quarter's milestones, the associated risks, and mitigating plans for each. We also signpost the deliverables for Q1 which are part of our [2021-24 Business Plan](#).

Our 2020/21 Business Plan commitments sit under the plan's five key themes:

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

We have also included the commitments outlined as 'Other' in the plan.

### Performance overview

At the end of this financial year, MOSL has delivered 97 per cent of the core business commitments set out in our [2020/21 Business Plan](#). Where commitments have not been fully delivered, we have identified a 'path to green' which will allow for their completion in 2021/22.\*\*

COVID-19 has continued to have a significant impact on the non-household water market this quarter as the UK was placed into a third national lockdown. MOSL continued to [monitor and report against performance](#) and mitigate risks associated with the pandemic, whilst continuing to deliver our business plan commitments.

We made excellent progress in a number of areas, most notably in areas considered long-standing 'market frictions'. This includes the [Bilateral Transactions Programme](#), which continued to make good progress and delivered significantly more functionality within budget.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

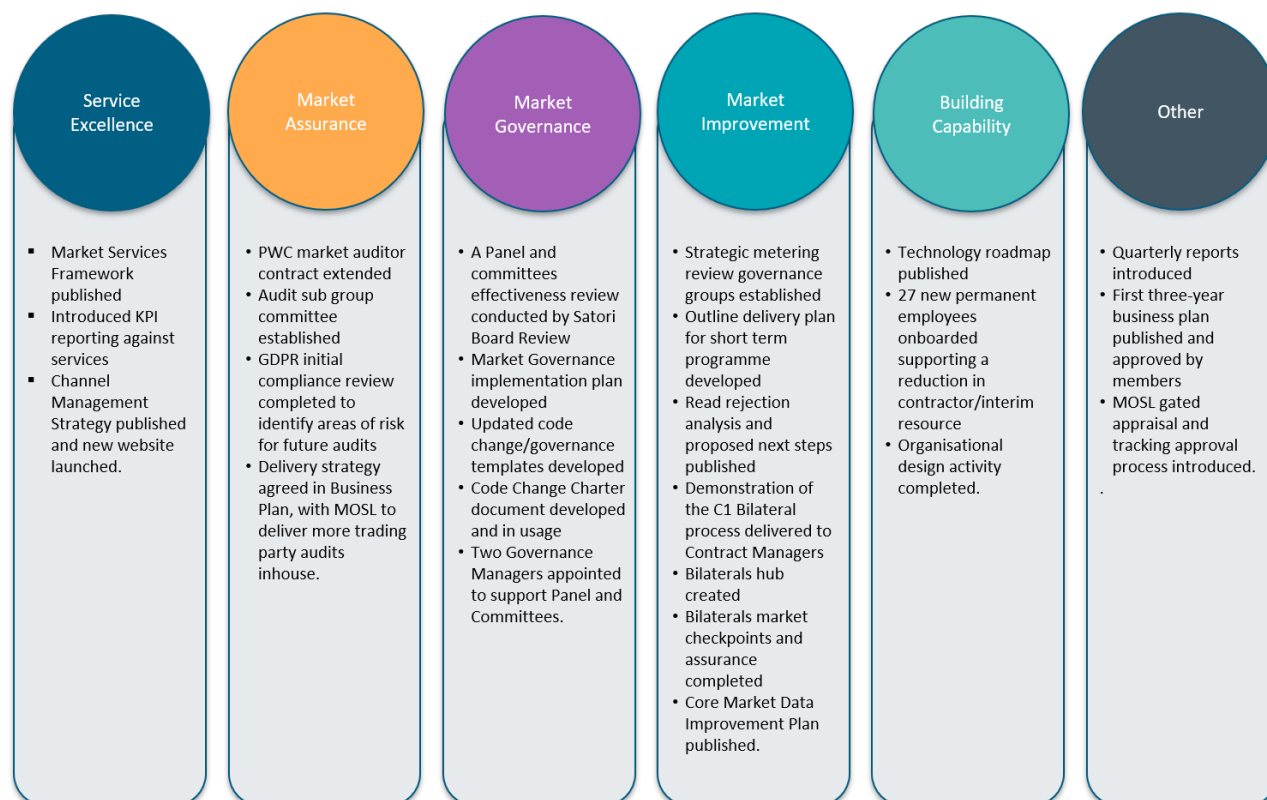
\*\*\* The completion rate figure is an average of all commitments under each key theme.

Satori Review delivered its findings in a [final report](#) as part of the [Panel Effectiveness Review](#). The report outlined 42 recommendations for the Panel to take forward. A Governance sub-group has been established to progress code changes as part of the review with change proposals being issued to the market for consultation in May. The work and subsequent outcomes have the potential to significantly change the way the market is governed.

The [Strategic Metering Review \(SMR\)](#) has also made good progress, with the Metering Committee meeting for the first time in April 2021. The scope, objectives and outline delivery plan of the review and short term ‘quick start’ programme was developed and MOSL’s Improvement Leads are working with trading parties to improve read rejection rates using our SMR Read Rejection Analysis.

MOSL also completed the development of its [new website](#), which was delayed by a month due to resource pressures resulting from COVID-19. The website provides an improved site navigation based on the defined [Market Services Framework](#), a simplified search functionality and improved events calendar to make it easier for trading parties to find the information they need.

In 2021/22 we will continue to focus on quality outputs that will [reduce overall cost to serve](#) and make the market ‘easier to do business’ in. The diagram below highlights the key outputs delivered in 2020/21.



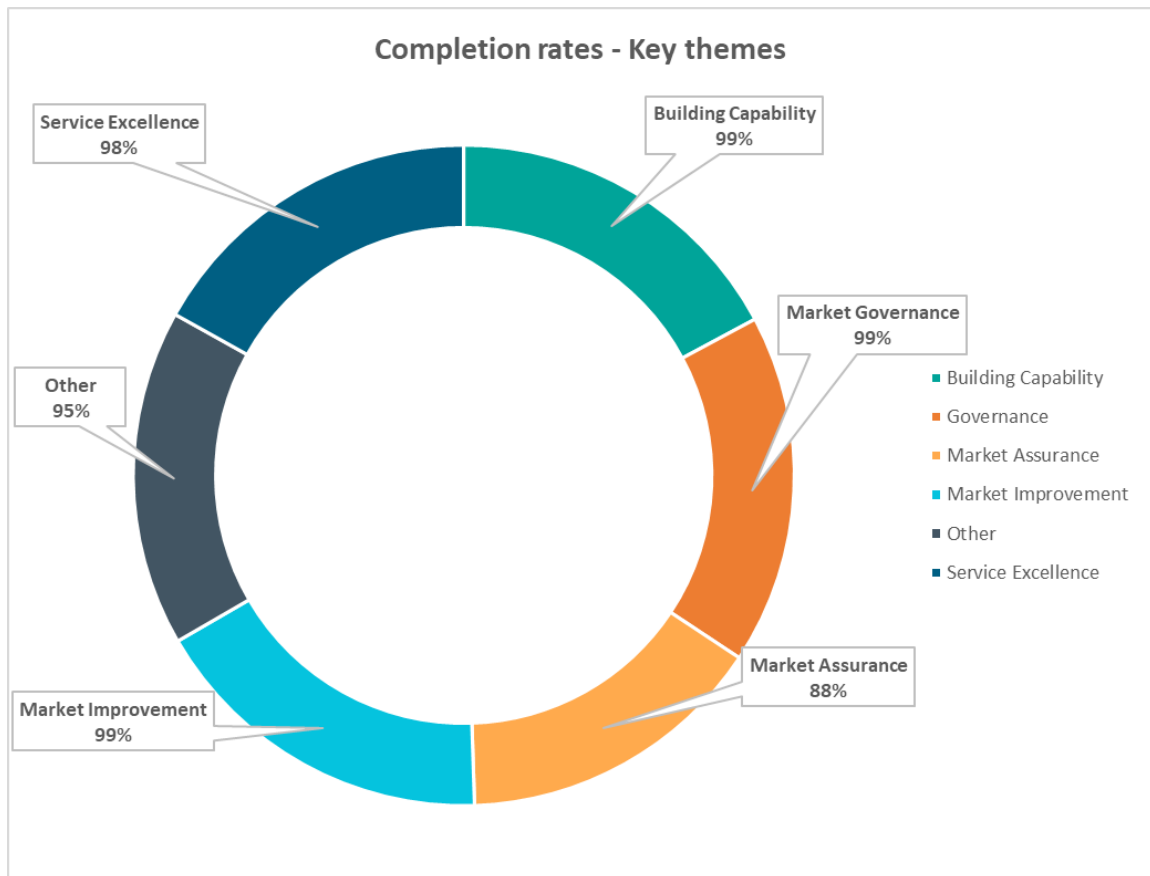
\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

A full report on the year’s activities will be published in MOSL’s 2020/21 Annual Report and Financial Statements due to be published in June 2021.

The completion statuses show work completed as part of the commitments in 2020/21. Some of the commitments are part of long-term, multi-year programmes and are outlined in our three-year business plan. Whilst some may show as ‘completed’ this refers only to what we committed to deliver in 2020/21. Further work may be required against certain commitments to deliver additional improvements to the market. We will track these on an ongoing basis through our quarterly reporting.

The diagram below provides an overview of total progress of each key theme in our 2020/21 Business Plan.



The development of MOSL’s gated investment appraisal and tracking process and the appointment of an Investment Approval Board (IAB) will ensure that we have the appropriate governance structure in place to manage and monitor our projects, programmes and change initiatives. Further information on our gated investment appraisal and tracking process, which has been implemented from 1 April 2021, is outlined in the ‘Our approach to business planning’ section of our [2021-24 Business Plan](#).

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

An overview of each of the business plan commitments is provided in the following pages. Each theme includes a graph that shows the percentage of activities, within each commitment project plan, that have been completed by March 2021.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## Service Excellence (SE)

Completion of commitments under the theme of Service Excellence is currently assessed at **98 per cent\*\*\*** complete.

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

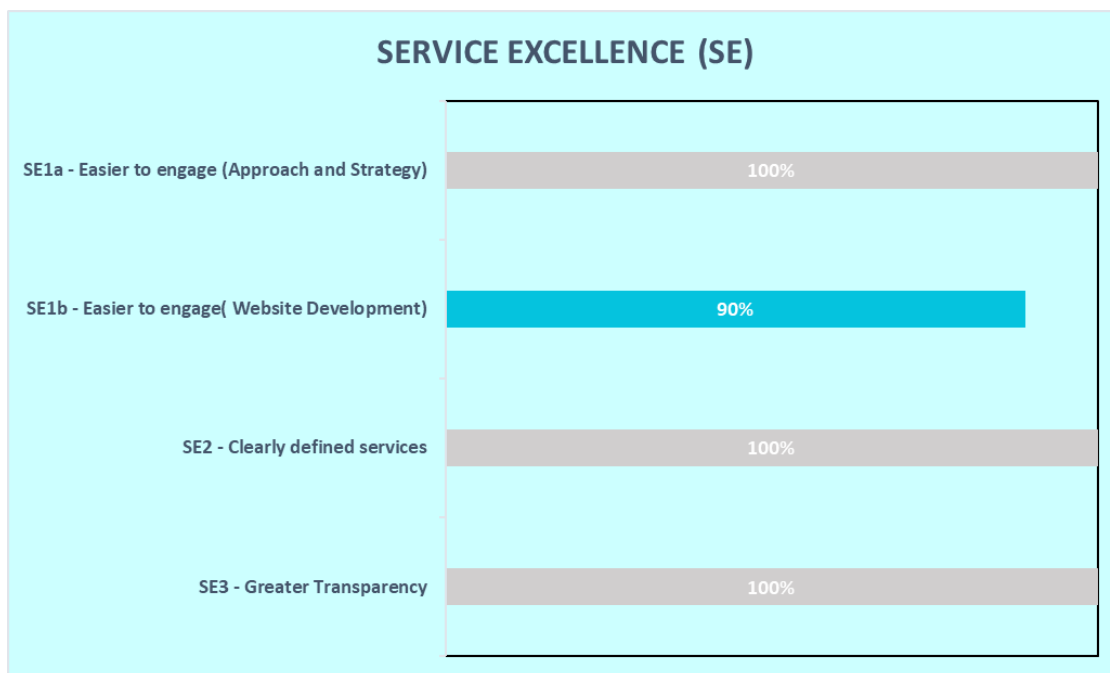
*“Our priority focus for 2020/21 will be to ensure that the services we provide on behalf of the market are delivered seamlessly, efficiently and transparently.”*

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 Q4, we completed the Greater Transparency business commitments and finalised activities to complete the website development project. See the completion rates under Service Excellence in the graph below.



\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## SE1a & b – Easier to engage (a – 100 per cent and b - 90 per cent complete)

Our commitment, SE1 – Easier to engage, is made up of two parts – channel management approach and strategy (SE1a) and the redesign of a new MOSL website (SE1b).

The focus of Q4 has been the build and delivery phases of the website, which we launched at the end of April 2021. This marks the completion of phase one of our channel management programme.

The website is the delivery of our Minimum Viable Product (MVP) and we will continue to develop the site as we move into phase two of the programme. The new website is a significant step forward in the way we communicate with the market and make information available to our members.

We have structured the new site around the delivery of our key services, Market Operations, Market Assurance, Market Improvement and Governance and Secretariat Services (as part of the [Market Services Framework](#)). We have also used user experience (UX) analytics to make the most used areas of the website more accessible to users and created dedicated pages for our key improvement programmes.

Through the establishment of the trading party beta group, we have captured feedback from our members on improvements they would like to see. Some of these have been integrated into the MVP, whilst other enhancements have been captured as phase two requirements.

We will continue to work with the beta group and seek feedback from the market as we develop the scope for channel management phase two – query management implementation and digitisation of forms.

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 deliverables
<ul style="list-style-type: none"> <li>◆ Website design finalised</li> <li>◆ Beta group feedback captured for MVP and phase two requirements gathering</li> <li>◆ Extensive functionality testing of the new website undertaken internally</li> <li>◆ Full migration of documents and content</li> <li>◆ New communication channels (MOSL mailboxes) communicated to support phase two requirement (integration with query management tool)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Website MVP delivered at end of April (one-month slippage)**</li> <li>◆ Additional enhancements captured in phase two requirements log to be implemented i.e. improved drilldowns in the website toolbar</li> <li>◆ Additional feedback captured through the beta group</li> <li>◆ New contact form on website used to route all queries through to relevant MOSL mailboxes</li> </ul>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

<ul style="list-style-type: none"> <li>◆ Cutover process to new website and version control agreed and implemented</li> <li>◆ Initial build completed, MVP pages prioritised and dual running of new and current website.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Development of query response Service Level Agreement (SLA) consistent across MOSL and communicated to trading parties (ticket logging)</li> </ul>
<ul style="list-style-type: none"> <li>◆ First stages of Single Sign On (SSO) capability investigated</li> <li>◆ First stages of user requirements gathering for query management started with Business Analyst support</li> </ul>	<ul style="list-style-type: none"> <li>◆ User requirements gathering for phase two: query management completed</li> <li>◆ Phase two: query management scope defined and agreed with Channel Management Programme Board with clear delivery milestones for 2021/22</li> <li>◆ First stages of user requirements gathering for digitisation of forms started with Business Analyst support</li> </ul>

## Risk and Issues

- ◆ Business Analyst support appropriately prioritised to Bilateral Transactions Programme could present a risk of user requirements gathering not being completed or needing to be handed over.

## Mitigation

- ◆ Time spent on query management user requirements gathering time sheeted with regular touchpoints on progress.

## Conclusion

Through a dedicated project team, we have successfully delivered phase one of our channel management programme, one month after year end. This has been made possible through collaboration across MOSL teams and nominated representatives and with extensive input from trading party volunteers. We are looking forward to phase two as we continue to develop further stages of the website and define the scope for integration with a query management tool. This will support our ongoing engagement with members and key stakeholders and enable MOSL and trading parties to better understand and monitor our service performance and query response times.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.



In doing so, we recognise the need to adopt a holistic approach to engaging with members, as identified through our channel management approach and strategy. Whilst query management seeks to drive efficiencies in our ability to respond to trading party requests, we will continue to use a variety of communication channels to keep members informed on our activities.

## SE2 – Clearly Defined Services (100 per cent complete)

As outlined in previous quarterly reports, this commitment has been completed and embedded as business-as-usual practice.

We reviewed and updated the descriptions of MOSL's 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. A summary of our services can be found [here](#). We issued our annual Trading Party Survey in March 2021. The feedback has been reviewed and an action plan is currently being developed. We will be engaging with trading parties to better understand the feedback and actions needed to improve the delivery of our services.

## SE3 - Greater Transparency (100 per cent complete)

We are committed to providing greater 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 2019/20 Annual Report and Financial Statements that was published in June 2020, 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 which we have done throughout this financial year.

Our 2020/21 Annual Report and Financial Statements will be published in June 2021 and will include a summary of performance against our KPI's, business plan commitments and spend against budget.

We also published MOSL's first rolling three-year business plan, covering 2021 to 2024. The plan was approved by members in February 2021. Alongside a detailed plan and budget for 2021/22, it provides a line of sight over our improvement programmes through to 2024. Each of our programmes includes details of the expected cost, deliverables and how trading parties will benefit. Going forward, we will report on progress each quarter, including cost information by programme for the first time.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

Our business plan also included increased detail and transparency on the cost of the Panel and related committees including the indirect costs of trading party elected members who are not separately remunerated but provide their time in these roles.

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 deliverables
<ul style="list-style-type: none"> <li>◆ Three-year business plan approved by members – this includes an agreed budget for 2021/22 as well as indicative line of sight for two further years. Also includes increased cost information on Panel and committee costs including indirect costs from trading party elected members</li> <li>◆ 2020/21 Q3 report published on KPI’s and completion of Business Plan commitments.</li> </ul>	<ul style="list-style-type: none"> <li>◆ 2020/21 Q4 report published on KPI’s and completion of Business Plan commitments.</li> </ul>

### Risk and Issues

- ◆ There are no material risks or issues that currently impact the delivery of this commitment.

### Conclusion

We have made substantial improvements in transparency over the last 12 months - both in terms of the level of information provided and the frequency – and have delivered on the overall commitment we made in this area.

Our quarterly reporting on KPIs and delivery against business plan commitments has provided a much clearer view of MOSL’s performance. Moving forward, our quarterly reporting will include tracking of progress on our improvement programmes - both what has been delivered and how much this has cost, to give members greater clarity on value for money.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## Market Assurance (MA)

Completion of commitments under the theme of Market Assurance is currently assessed at **88 per cent\*\*\*** 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.”*

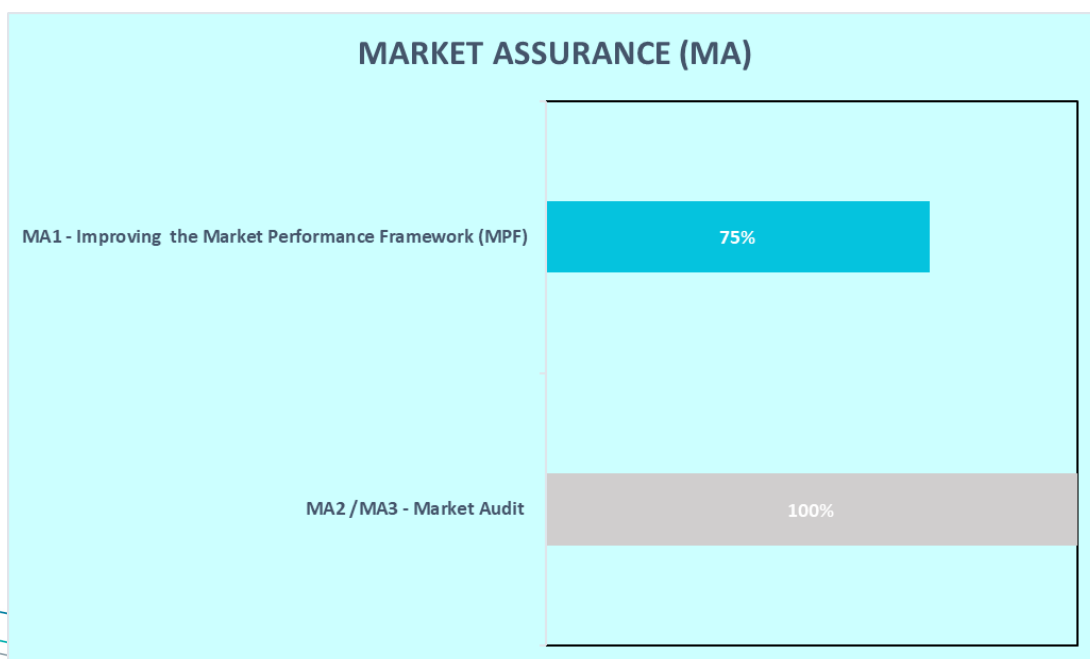
The way in which MOSL measures the performance of trading parties and the market is through the analysis of the Market Performance Standards (MPS), Operational Performance Standards (OPS) and annual market audit.

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 a combination of targeted market audit activity and developing a future market audit approach)

The market audit business commitment (MA2/3) is now complete. The deliverables are in the table below.

The Market Performance Framework (MA1) review has been delayed. MOSL continues to work closely with the Market Performance Committee (MPC) to develop the scope and roadmap for improving the MPF to ensure it incentivises the right behaviours. The Q3 report stated that the ‘Improving the MPF’ business plan commitment was going through a rescoping exercise. This has now been completed and a proposed plan has been developed. This is currently under review and awaiting approval from the MPC. See the completion rates of the business commitments under the Market Assurance theme, in the graph below.



\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

Note: The completion rate for MA1, shown above, is based on outputs that will be delivered up until March 2021.

## MA1 - Improving the Market Performance Framework (MPF) (75 per cent complete)

In our 2020/21 Business Plan we committed to addressing the first phase of the three-year roadmap, which seeks to improve the Market Performance Framework (MPF). 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 trading parties’ performance.

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 deliverables
<ul style="list-style-type: none"> <li>◆ The MPC’s Market Performance Framework sub-group has continued to develop its thinking regarding performance standards</li> <li>◆ Integration of RFI feedback into the Data Cleanse Plan to focus on the provision of information around key fields in CMOS</li> <li>◆ We have established Additional Performance Indicators (APIs) (including associated reporting dashboards) relating to the data quality of premises and meter location covering key data items (namely, Unique Property Reference Number (UPRN) and Value Office Agency (VOA) completeness and Geographic Information System (GIS) issues.</li> <li>◆ We have developed Additional Performance Indicators (APIs) (including associated reporting dashboards) relating to vacancy.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The MPC will confirm the timetable and approach for the review to be undertaken by its MPF sub-group. Subject to this confirmation, it is anticipated that work to define the direction of revised performance measures will progress through Q1 and extend into Q2 ahead of a call for inputs in autumn 2021. This work will include mapping customer journeys to ensure that the framework focuses on customer outcomes.</li> <li>◆ R-MeX (second survey) – prepare survey incorporating lessons learned and timescales**</li> </ul>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## Risk and Issues

Following the rebaselining of the timetable and approach, there are no material risks or issues that currently impact the delivery. An MPC sub group has been assigned to support this activity.

## Conclusion

Work to develop and implement specific monitoring of COVID-19 settlement and market activity has taken priority over the overall framework review. Development and improvement to the MPF will therefore continue through 2021/22 in line with our [2021-24 Business Plan](#). A risk-based approach will encompass the development of measures, tools, incentives and ways of working which focus on customer outcomes, accountabilities between wholesalers and retailers, and a smarter means of using data and insight to drive higher quality intervention and rectification. Potential performance measures and market indicators will be informed by the [Strategic Metering Review](#), the [Bilateral Transactions Programme](#) and our learning over the last year in relation to our monitoring of COVID-19-related activity (including a focus on vacant sites, estimation accuracy and use of Yearly Volume Estimates (YVEs)).

## MA2 and MA3 – Market Audit (100 per cent complete)

This commitment was 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.

Trading party audit activity through 2020/21 was focused on the impact of COVID-19, covering the approach trading parties have undertaken to applying temporary vacancy flags and how retailers have assessed and reported on COVID-19 payment deferral. The focus in Q4 has been on data protection compliance with a trading party survey used to assess the overall level of risk. This is being followed up with targeted deep dives to better understand areas of potential non-compliance and help to scope more detailed audit activity in 2021/22.

Improvements have been made to how the audit activity is governed with a Panel sub group formalised through a Panel-approved terms of reference. The audit sub group will work with MOSL on the appropriate scoping and targeting of trading party audit activity. A communications plan has also been established to improve the level of awareness over what the market audit is, key findings and how scoping decisions are made.

The member-approved [2021-24 MOSL Business Plan](#) included a change in delivery strategy for the market audit. We will build increased internal capacity to deliver market audit activity, providing better value for

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

members and leverage our knowledge and understanding of the market, compared with the previous model of using only third-party resource. MOSL will also be recruiting additional in-house assurance colleagues to implement the new delivery strategy for trading party audits.

MOSL’s own compliance remains subject to an independent third-party assurance review. During the year we have enhanced our own internal controls framework, with an improved visibility of risks and associated controls for higher risk processes. The development of this framework will continue into 2021/22.

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 deliverables
<ul style="list-style-type: none"> <li>◆ Business plan approved by members – this included updated market audit strategy, with trading party audits delivered mainly by an in-house assurance team</li> <li>◆ Panel audit sub-group terms of reference and market audit communications plan approved</li> <li>◆ 2020/21 trading party audit programme completed, with focus on COVID-19 related risks</li> <li>◆ MOSL internal compliance framework started for high risk processes – mapping risks and related controls.</li> </ul>	<ul style="list-style-type: none"> <li>◆ MA2 and MA3 are now complete.</li> </ul>

## Conclusion

Substantial changes have been achieved in respect of the market audit. This was in response to feedback received from members and will provide improved value. The overall governance of the market audit has also been improved with the use of the market audit sub-group.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## Market Improvement (Mi)

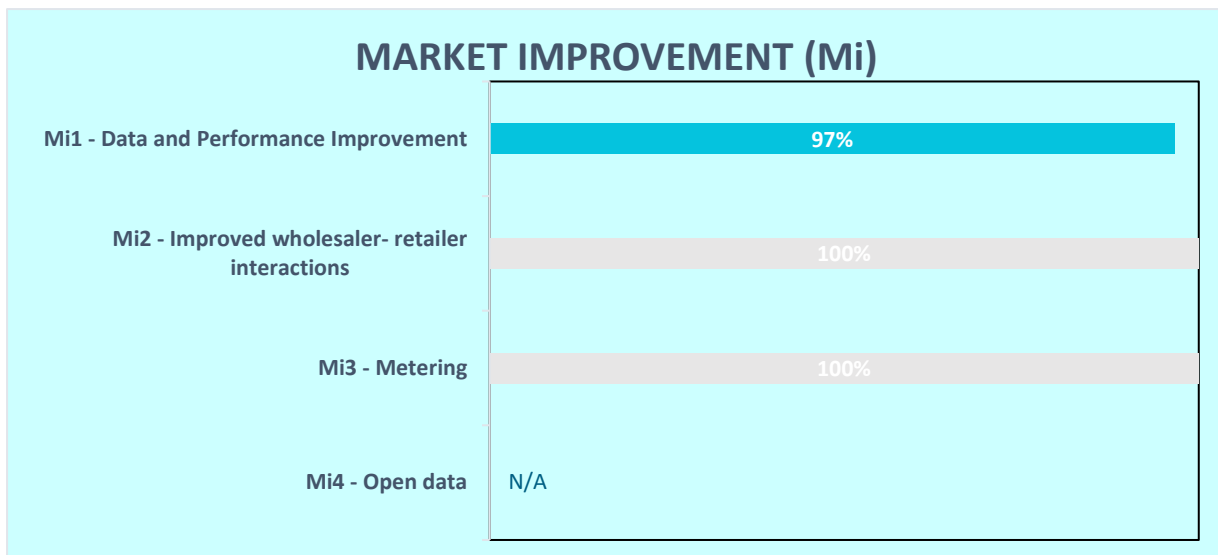
Completion of commitments under the theme of Market Improvement is currently assessed at **99 per cent\*\*\*** complete.

This theme continues to address the key market frictions still hindering progress in the market. Issues such as metering and data quality issues, performance, finding ways to make data more accessible to trading parties and the need to create a more efficient way for wholesalers and retailers to collaborate and serve customers efficiently. The improved wholesaler -retailer interactions (Mi2) and Metering (Mi3) are multi- year projects that will be tracked and monitored as part of our three-year business plan.

MOSL’s commitment to address the challenges being faced by the market is still being delivered under these four commitments:

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

See the completion rates of the business commitments under the Market Improvement theme, in the graph below.



\* This completion rate is based on outputs that will be delivered up until March 2021

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## Mi1 – Data and Performance Improvements (97 per cent complete)

The activities captured in the [Market Performance Operating Plan 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 relating to COVID-19.

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 deliverables
<ul style="list-style-type: none"> <li>◆ Code change raised (CPW106: Deregistration of long-term vacant premises) with analysis and evidence for the need to address long-term vacant premises in the market</li> <li>◆ Workshops regarding Vacancy Change Application (VCA) process have identified initial views and possible options</li> <li>◆ Findings from the data cleanse RFI published with required prioritisation of trading party activities</li> <li>◆ Data Quality Dashboard in place, shared with TPs and monitored monthly via digital team. - In particular, agreement and publication of Additional Performance Indicators (APIs) covering key data items (namely, UPRN and VOA completeness and GIS issues)</li> <li>◆ New connections RFI analysis published, and refined proposal published for streamlining and improving the new connections process based on responses to Request for Information (RFI)</li> <li>◆ Publication of a monitoring and intervention framework and guidance (including the use of YVEs and temporary vacancy) document. 2020/21 activities have transitioned to business-as-usual with monthly reporting on use of YVEs and settlement accuracy</li> </ul>	<ul style="list-style-type: none"> <li>◆ Following consultation, change proposal CPW106 will be considered by the Panel for recommendation to Ofwat**</li> <li>◆ Consideration of the Vacancy Change Application (VCA) process highlighted the complexity of both the existing codified process and options for the way forward. Further consultation with trading parties is required to progress VCA process improvements in 2021/22 and we will seek views on these matters in summer 2021**</li> </ul>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.



<ul style="list-style-type: none"> <li>• Approach to Paired Improvement Plans (PIPs) developed to facilitate collaboration between wholesalers and retailers on reducing levels of vacancy</li> <li>• Agreement of Additional Performance Indicators regarding vacancy with publication to follow analysis and confirmation of final target for vacancy alongside vacancy dashboards</li> </ul>	
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## Risk and Issues

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

## Conclusion

Despite the challenges presented by the ongoing pandemic, data and performance improvement work has continued and been supported by both the Market Performance Committee and trading parties. We have introduced, tracked and unwound the use of the temporary vacancy flags and developed reporting around areas such as Yearly Volume Estimates (YVEs) and the assessment of the gap between settlement at the first (R1) reconciliation run (comprising mainly of estimated values) and the third (R3) reconciliation run (comprising more of actual metered data) which follows eight months later. Further introduction of an API enables a flexible approach to focus on improvement in key areas which we expect to support improvement through to 2021/22. We have worked with trading parties to refine and simplify market rules where these are hindering overall market performance.

## Mi2 – Improved wholesaler -retailer interactions (Bilateral Transactions Programme) (100 per cent complete)

In our 2020/21 Business Plan, we committed to working with trading party members to develop a ‘bilateral transactions’ solution to address the issue of poor wholesaler-retailer interactions. This remains a multi-year programme.

The Full Business Case (FBC) for the Bilateral Transactions Programme was approved by the MOSL Board in September 2020. Following approval, the programme has moved into the execution phase.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

During Q4, we have started the build of the Bilateral Hub and associated processes for our first bilateral transaction (C1 - Meter Supply Point Verification). We have also started amending and writing associated market code documentation. Draft documentation is shared with our market participant advisory groups prior to being shared with the Panel.

As we approach go-live in the second quarter of 2021/22, working with trading parties, we have introduced a series of checkpoints aimed at understanding trading party readiness and assurance. Checkpoint 2, (submission of 'Hub' access proforma) was completed in March 2021.

We concluded the year within programme cost in line with the approved budget.

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 deliverables
<ul style="list-style-type: none"> <li>◆ Business User requirements completed and now under 'controlled change' to enable build</li> <li>◆ Development of front-end web portal for High Volume Interface (HVI) and Low Volume Interface (LVI) for C1</li> <li>◆ Configured MOSL user testing requirements and started initial testing with Pathfinder Group</li> </ul>	<ul style="list-style-type: none"> <li>◆ Release of HVI C1 process into preproduction environment</li> <li>◆ MOSL and user acceptance test undertaken</li> <li>◆ Completion of B5 requirements and user stories**</li> </ul>
<ul style="list-style-type: none"> <li>◆ Advisory groups engaged and supportive of code changes</li> <li>◆ Code documentation presented to Panel</li> <li>◆ Summary documentation of code changes issued to trading parties</li> </ul>	<ul style="list-style-type: none"> <li>◆ Continued engagement with advisory groups, Pathfinder Group and Panel</li> <li>◆ Submission of all code change documentation to the Panel for approval to Ofwat</li> <li>◆ Planning for Phase 3 of programme delivery (November 2022)</li> </ul>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

<ul style="list-style-type: none"> <li>💧 Trading party checkpoints 1 and 2 completed</li> <li>💧 First bi-annual bilaterals audit completed and shared with Ofwat and trading parties</li> </ul>	<ul style="list-style-type: none"> <li>💧 Trading party checkpoints 3a and 3b (assurance) completed</li> <li>💧 Start work on the second bi-annual bilaterals audit.</li> </ul>
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## Risk and Issues

As we reported in our Q2 and Q3 reports, the nature and complexity of this programme warrants its own Risk, Assumption, Issues and Dependencies (RAID) log. This is formally reviewed weekly and issues are escalated, where required, to the Programme Board and Steering Group.

We have reported to the Steering Group that the time element of the programme is rated as amber (at risk but with a mitigation plan in place). Working with Ofwat, we have reviewed and amended the programme mandate (CPW070: ‘Bilaterals Interface Solution’) to reflect the development, code change and planned rollout of bilateral transactions. We aim to deliver our first process, meter supply point verification (C1), in September 2021. We continue to monitor trading party readiness with the introduction of four checkpoints.

As defined by CPW070 the first programme audit was undertaken in December 2020. This audit has been shared with the Steering Group, MOSL Board, Ofwat and trading parties. The audit report has found no major areas of non-compliance.

## Mitigation

As mentioned above, our first process, meter supply point verification (C1), has been delayed until September 2021. Since January, the team has been responding to the programme’s ‘amber’ RAG status by tightening the programme and increasing resource. While this response has had an effect, it has not closed the gap sufficiently. The programme is at least four weeks behind schedule and timelines have been compressed as much as possible. The change has been proactively communicated to the Panel, trading parties and advisory groups. Programme Board meetings have been increased to bi-weekly to monitor the time element of the programme.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

### Mi3 – Metering (100 per cent complete)

The Strategic Metering Review (SMR) is focused on identifying/surfacing issues that are impacting the availability of accurate and timely consumption information in the non-household market and defining a series of corrective actions. This is a multi-year programme and it will be exploring five key areas and their impact on the end-to-end provision of accurate consumption information:

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

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 deliverables
<ul style="list-style-type: none"> <li>◆ Established the Metering Committee, with representation from retailers, wholesalers, CCW, MOSL and Ofwat (as an observer)</li> <li>◆ Mobilised “quick start” projects, with three change proposals submitted to Panel (Customer Reads; Read Frequency; Remote Read Type) and detailed scoping papers produced for three more (Sharing consumption data; Skip codes; Hard to read meters)</li> <li>◆ Defined outline delivery plan for the short-term programme in 2021/22 which will be ratified/refined with the Metering Committee at the first meeting in April</li> </ul>	<ul style="list-style-type: none"> <li>◆ Hold the first Metering Committee meeting on 20 April 20 and establish ways of working, 2021/22 priorities (beyond quick start projects) and how to report progress to Panel and industry</li> <li>◆ Initiate all seven quick-start projects, with change proposals that require CMOS change on track to reach Gate 3 at Panel by October 2021</li> <li>◆ Work with Metering Committee to outline the scope of work for the SMR programme from May 2021 to March 2022 (beyond the quick-start programme). Where relevant, define those projects to be completed by existing MOSL workstreams</li> </ul>
<ul style="list-style-type: none"> <li>◆ First phase of detailed meter read rejection analysis complete and shared with the Digital</li> </ul>	<ul style="list-style-type: none"> <li>◆ Take learnings from initial trading party engagement and publish wider guidance to</li> </ul>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

<p>and Data Committee (DDC) and Technology Advisory Group (TAG). Targeted engagement has begun with worst affected trading parties to support improvement</p> <ul style="list-style-type: none"> <li>◆ A number of potential changes to the CMOS data validation rules have been identified</li> </ul>	<p>market on most common reasons for read rejections to support resolution by trading parties</p> <ul style="list-style-type: none"> <li>◆ Publish first set of CMOS e-Learning/video training materials to improve the understanding of key CMOS operations, which in turn will support the provision of accurate and timely consumption data</li> <li>◆ Assess cost/benefit of non-code changes to meter manufacturer/serial number and volume validation rules and initiate changes where approved</li> <li>◆ Monitor performance of future meter read submissions, supported by development of a Metering Dashboard providing further insight to the SMR</li> </ul>
<ul style="list-style-type: none"> <li>◆ Initial meetings held with main metering technology suppliers to understand offerings (and roadmap) and how these may support the needs of the market.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Agree with Metering Committee how best to share findings with the market and explore the most promising solutions</li> <li>◆ Begin discussions with the market on funding mechanisms for smart meter roll-out.</li> </ul>

## Risks and Issues

The consultation required to implement the programme could create an unacceptable burden on trading parties. It is also recognised that there is limited specific funding included in the three-year business plan to support more significant technology investments that may arise from Strategic Metering Review. Finally, there are limited and timebound mechanisms available to fund a significant modernisation of the metering estate and the SMR needs to work towards recommendations that align to those mechanisms.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## Mitigation

These risks will be mitigated by managing the consultations timing and using alternative and less onerous methods such as one-to-one interviews. As and when significant investment opportunities are identified, e.g. Ofwat Innovation Fund or MOSL’s Market Improvement Fund (once launched), we will explore available funding mechanisms and formulate the appropriate business cases.

## Mi4 – Open Data (n/a)

In Q4, MOSL published the Core Market Data Improvement plan, creating for the first time, a formal mandate on data quality in the market. Work has also continued on providing valuable and actionable insight to support wider water efficiency initiatives.

Our 2020/21 Business Plan did not include specific objectives for this commitment in 2020/21. However, a number of significant activities and deliverables have been achieved during the year and in the last quarter. This work has enabled MOSL to set out clear and measurable deliverables for 2021/22. The new Q1 deliverables for 2021/22 are shown in the table below.

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 deliverables
<ul style="list-style-type: none"> <li>◆ Scoping paper prepared on the opportunity to access and assimilate granular consumption data from trading parties to support more accurate and timely consumption data</li> <li>◆ Continued to evolve the Data Analytics platform established in Microsoft Azure to support current and future reporting/insight needs. This includes incorporating all unplanned settlement runs into the data warehouse.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Continue to extend the analytics platform as the foundation to providing self-service reporting to the market</li> <li>◆ Improve the accuracy of consumption modelling/banding, leveraging the improvements in the analytics platform.</li> </ul>
<ul style="list-style-type: none"> <li>◆ Published a Core Market Data Quality Improvement Plan, including the definition of Additional Performance Indicators (APIs) for priority data items (UPRN, VOA and GIS coordinates).</li> </ul>	<ul style="list-style-type: none"> <li>◆ Publish Vacancy dashboard alongside Additional Performance Indicators (APIs) for “vacant premises with consumption” to support insight and performance activity for 2021/22</li> </ul>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

<ul style="list-style-type: none"> <li>Developed and published a Data Quality Dashboard (leveraging Power BI) to support monitoring and improvement against the plan.</li> </ul>	<ul style="list-style-type: none"> <li>Explore potential case for further data cleanse and enrichment services from MOSL</li> <li>Explore the opportunity to define a formal Data Strategy for the non-household market.</li> </ul>
<ul style="list-style-type: none"> <li><u>Case study</u> on identifying and re-distributing value in the market through engagement with high-consuming customers in a specific WRZ</li> </ul>	<ul style="list-style-type: none"> <li>Planned engagement (Customer Site Audits) with specific customers in a specific Water Resource Zone (WRZ) in Southern Water’s region have been delayed by COVID-19 restrictions and will now take place in 2021/22 Q1 (subject to access)**</li> </ul>
<ul style="list-style-type: none"> <li>The Open Data Challenge led by Northumbrian Water and Sia Partners concluded with a series of workshops focused on defining the scope of an initial Open Data Initiative for the water market (i.e. establishing an Open Data Platform and Strategy).</li> </ul>	<ul style="list-style-type: none"> <li>The “Stream” Open Data team to finalise scope of work for next phase and explore option of Innovation fund bid</li> </ul>
<ul style="list-style-type: none"> <li>Retailer Wholesaler Group (RWG) <u>Water Efficiency Headline Action Plan</u> published with MOSL leading on Headline Action two to “Improve understanding of the nature of NHH water consumption through smarter use and better sharing of data”. This is a key enabler to the rest of the plan, specifically Action three - “Improve engagement of retailers in the water resource planning process (Regional and WRMP24)”</li> <li>Consolidated shape file published on MOSL website providing all Water Resource Zone (WRZ) boundaries and supporting information in an easily consumable format</li> <li>Analysis completed for the Department for Education (DfE) (following DfE approach to Waterwise and RWG), combining DfE and CMOS</li> </ul>	<ul style="list-style-type: none"> <li>Define Data Insight Roadmap for 2021/22, supporting MOSL Business Plan commitments and wider market initiatives (e.g. RWG Action Plan)</li> <li>Scope the development of a Water Efficiency Dashboard and outline delivery plan</li> <li>Define and agree standard mechanism for sharing enriched CMOS data with trading parties and the six regional Water Resource groups</li> <li>Extend the “bottom up” segment matching approach piloted with DfE to other sectors.</li> </ul>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

<p>data to benchmark consumption across the education sector and build a picture of water usage and charges per pupil</p> <ul style="list-style-type: none"> <li>Embedded Carbon Analysis - Collated regional water and sewerage carbon rates and aggregated this data with the wider CMOS data set.</li> </ul>	
<ul style="list-style-type: none"> <li>Migrated market charts from SQL Server Reporting Services (SSRS) to Power BI to support improved visualisation across multiple device types (tablets, mobiles, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>Publish Power BI market charts as part of new website launch.</li> </ul>

## Risks and Issues

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.

We are mindful that this could encroach on the competitive nature of the market and we 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 strategy for the market. MOSL will consult with the market before introducing additional data cleanse or enrichment services.

The risks highlighted above will be taken into consideration when defining a Data Sharing Strategy and Data Quality Improvement Plan.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.



## Governance (GOV)

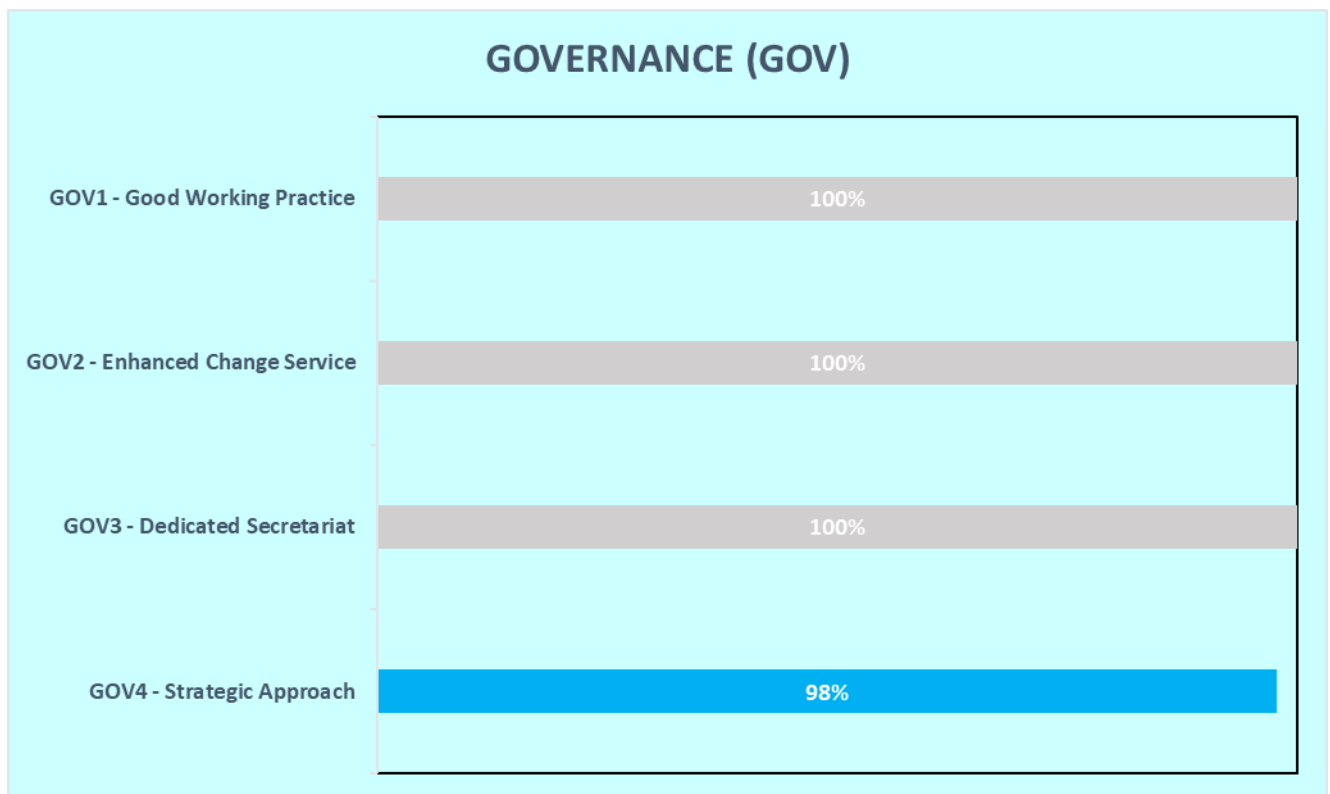
Completion of commitments under the theme of Governance is currently assessed at **99 per cent\*\*\*** complete.

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.



\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## GOV1 – Good Working Practice (100 per cent complete)

In our 2020/21 Business Plan we committed to working with the Panel to improve the existing governance arrangements. A review of Panel Effectiveness and Market Governance has been conducted by an independent consultant, Satori Board Review. The feedback from trading parties, gathered as part of this review has helped to identify both quick wins regarding good working practice for the Panel and potential improvements for the longer-term.

2020/21 Quarter 4 deliverables	2021/22 Q1 Deliverables
<ul style="list-style-type: none"> <li>◆ Satori Board Review <u>presented its recommendations for improving Panel effectiveness</u> and market governance to the Panel in January 2021</li> <li>◆ The Panel has agreed strategic and service roadmaps to progress the recommendations arising from this work. These roadmaps will progress through 2021/22.</li> </ul>	<ul style="list-style-type: none"> <li>◆ GOV1 is now complete</li> </ul>

## Conclusion

Satori’s findings report made 42 separate recommendations. In particular, it highlighted the need for a well-constructed understanding of the Panel’s purpose, noting that there is ‘considerable variation as to what stakeholders expect of the Panel’. We will continue to work with stakeholders to implement the recommendations of the report. This will encompass:

- ◆ A strategic thread which will see further consultation and engagement with wholesalers, retailers, and other stakeholders to clarify the role and purpose of the Panel. Clarity of purpose will drive decisions on future Panel and committee structure and composition
- ◆ A tactical thread which focuses on quick wins and working practice adjustments as part of a service improvement programme. This will include work to improve transparency and communication of Panel activities; enhancements to meeting protocols; improvements to support efficient consideration and prioritisation of changes; improved cost and impacts reporting and mechanisms for the Panel to evaluate its own performance and gather feedback from its ‘customers’ on a regular basis.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

We will provide regular updates on the progress of this work going forward and we will highlight further opportunities to get involved in shaping the next phase of market governance as this work progresses.

### GOV2 - Enhanced Change Service (100 per cent complete)

In our 2020/21 Business Plan 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 have sought input from industry stakeholders on potential improvements.

2020/21 Quarter 4 deliverables	2021/22 Q1 Deliverables
<ul style="list-style-type: none"> <li>◆ Proactive email notifications to update trading parties on new changes as well as consultations and Panel decisions</li> <li>◆ Revisions to the monthly change report published on the MOSL website, providing an overview of the change portfolio and change implementation programme</li> <li>◆ Publication of a streamlined <a href="#">change proposal form</a> to facilitate raising changes</li> <li>◆ Revised change consultation documentation and recommendation reports to improve clarity and navigation</li> <li>◆ Publication of a <a href="#">Change Charter</a> to outline our change service</li> <li>◆ Publication of a <a href="#">Change Handbook</a> setting out guidance on the change mechanism for change proposers and other users of the change service.</li> </ul>	<ul style="list-style-type: none"> <li>◆ GOV2 is now complete</li> </ul>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## Conclusion

We have adapted and enhanced the change service, prioritising those areas highlighted in feedback from trading parties. These enhancements have been implemented in this last quarter of 2020/21 and will be embedded through the coming year. They focus on increasing transparency through proactive email notifications, providing support, guidance and simplifying trading party engagement throughout the process. Our service commitments and principles are set out in a [MOSL Change Charter](#). The new Change Handbook sets out the steps to navigate a change proposal from submission through to implementation into the market codes. Further transparency and ease of navigation through the change portfolio will be supported by our new website.

## GOV3 - Dedicated Secretariat (100 per cent complete)

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. This commitment was completed and embedded as business-as-usual practice with benefits being realised from summer 2020.

## Conclusion

We appointed two Governance Managers in 2020, 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. A third Governance Manager will join MOSL in May 2021 to provide further support across new Panel committees (such as the Metering Committee) as they are established and to enable MOSL to provide support to the Retailer Wholesaler Group (RWG) as requested in the RWG response to our business plan.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## GOV4 - Strategic Approach (98 per cent complete)

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. This included the Good Working Practice and Strategic Metering Review commitments noted elsewhere in this report (see GOV1 and Mi3 for updates). The other key workstream concerns a review of the market codes to consider the case for simplification.

2020/21 Quarter 4 deliverables	2021/22 Quarter 1 Deliverables
<ul style="list-style-type: none"> <li>◆ A draft findings report outlining a range of simplification and guidance actions has been developed with the Panel’s Code Advisory Group and the Panel Steering Group that is overseeing the review</li> <li>◆ A draft architectural principles document has been developed to guide the design of simple and clear documents going forward</li> <li>◆ A baseline statement document has been proposed for publication to aid transparency and provide an easy to access index of all relevant documentation showing the current live baseline and document set.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Architectural Principles Document and baseline statement will be finalised in June and the findings report will be published following consideration by the Panel. **</li> </ul>

## Conclusion

The strategic approach with the Panel has been embedded and the Panel’s priority areas of focus have fed directly into MOSL’s business planning for 2021/22 and beyond.

The draft code review findings report takes account of feedback from trading parties gathered during last year. It outlines opportunities for simplifying code drafting and improving navigation as well as benefits from further guidance and support materials. The Panel has welcomed the indication that enhanced guidance will be provided over the coming years. As we have noted in our three-year business plan, small scale code changes to address areas of complexity will be progressed under 'business as usual' provisions subject to a business case

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

for change. The draft Architectural Principles Document (APD) has fed into the development of code documentation under the Bilateral Transactions Programme.

While immediate focus has prioritised support into the bilaterals programme of work, we anticipate that the APD and baseline statement will be finalised shortly, and the findings report published following consideration by the Panel.

## Building Capability (BC)

Completion of commitments under the theme of Building Capability is currently assessed **at 99 per cent** 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 has made strong progress in the people area, including a reduction in contractor resource, providing MOSL the opportunity to retain and build its own internal capability.

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

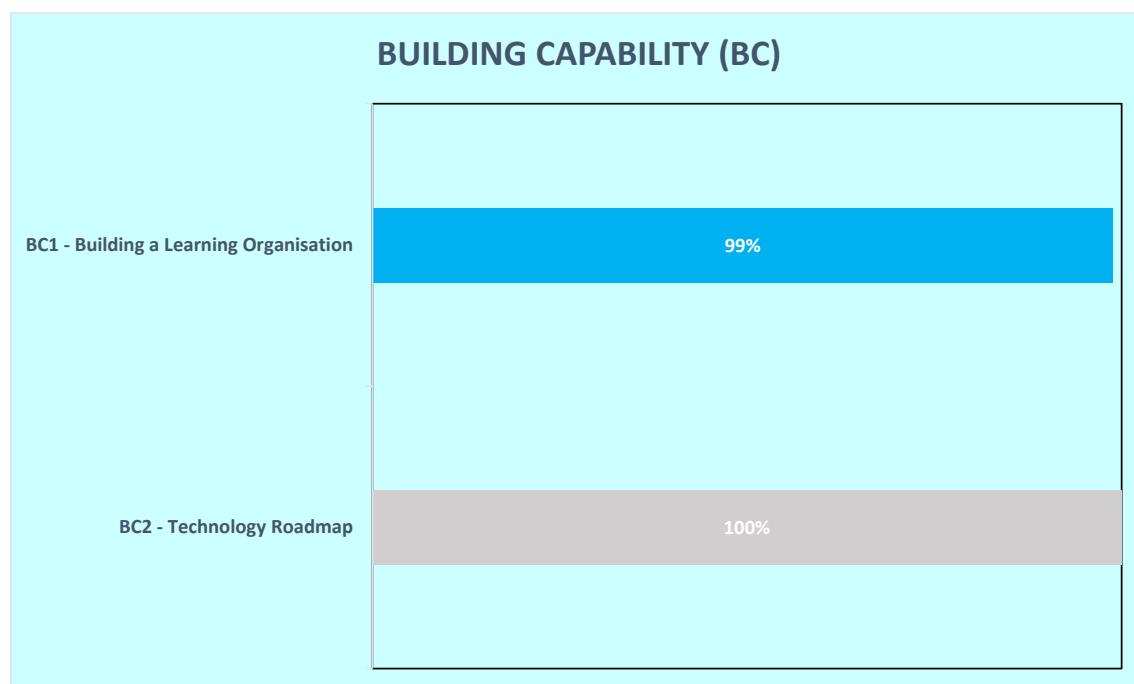
- ◆ BC1 - Building a Learning Organisation
- ◆ BC2 - Technology roadmap

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 rates of the business commitments under the Building Capability theme, in the graph below.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.



### BC1- Building a Learning Organisation (99 per cent complete)

We have recruited and successfully onboarded 27 colleagues remotely, to ensure we have the skills and resources to deliver our commitments and build capability for the future demands of the market. During this time, seven colleagues have left MOSL. Since June 2020, we have not engaged contractor resources. Where we have identified a short term requirements for key skills and resources, we have employed people directly on a fixed term contract. We ended the year with seven colleagues on a fixed term contract.

Key roles recruited during 2020 included two Governance managers, a Paralegal and Legal Counsel, Projects/Programmes delivery team, Business Intelligence Lead and Corporate Affairs Manager.

Quarter 4 deliverables	2021/22 Q1 Deliverables
<p>273 training days were delivered over the year covering core capability training including Managing Successful Programmes, Practical</p>	<p>Conclude 360 feedback assessments for the Senior Leadership Team and start roll out plan of peer feedback to all colleagues**</p>

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

<p>Business Analysis, Presenting with Confidence, Stakeholder Engagement</p> <ul style="list-style-type: none"> <li>◆ Concluded and communicated changes to our organisational design internally and to the market. We ran internal workshops to ensure effective transition of activity and colleague involvement in defining future ways of working</li> <li>◆ Delivered Discovery Insights to 95 per cent of colleagues to raise self-awareness and build stronger teams. Final five per cent (new starters) to be completed by the end of April 2021</li> <li>◆ Communicated the appointment of Phillip Marsden as Independent Non-Executive Director (from 1 April) adding greater diversity of skills and competence to the MOSL Board</li> <li>◆ Onboarded one of our Kick Start Placements as Digital Communications Administrator. The second placement (PMO team) will be filled by the end of April 2021.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Complete Discovery Insights for new starters (five per cent of colleagues)</li> <li>◆ Develop, communicate and implement ways of working (transition out of lockdown) plan</li> </ul>
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## Conclusion

We have continued to provide our services, and support trading parties during 2020/21 and through periods of national and regional lockdowns. Most colleagues worked remotely for the year, with the exception of a brief period between July and September when our offices in Southampton were open.

Our employee engagement score (eNPS) was an average of 52 over the year. We believe that this score is informed by the commitment we made to our colleagues to place wellbeing, inclusion, and personal growth at the core of our employer offering. We asked a lot from our colleagues over the year and in return we ensured that they were listened to and developed in a way to enable them to deliver confidently and competently.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.



## BC2- Technology Roadmap (100 per cent complete)

This commitment has been completed and 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, there has been continuous engagement with trading parties and wider stakeholders. A three-year transition roadmap has been developed and shared with trading parties.

## OTHER

Completion of commitments under the theme of 'Other' is currently assessed at **95 per cent complete**.\*\*\*

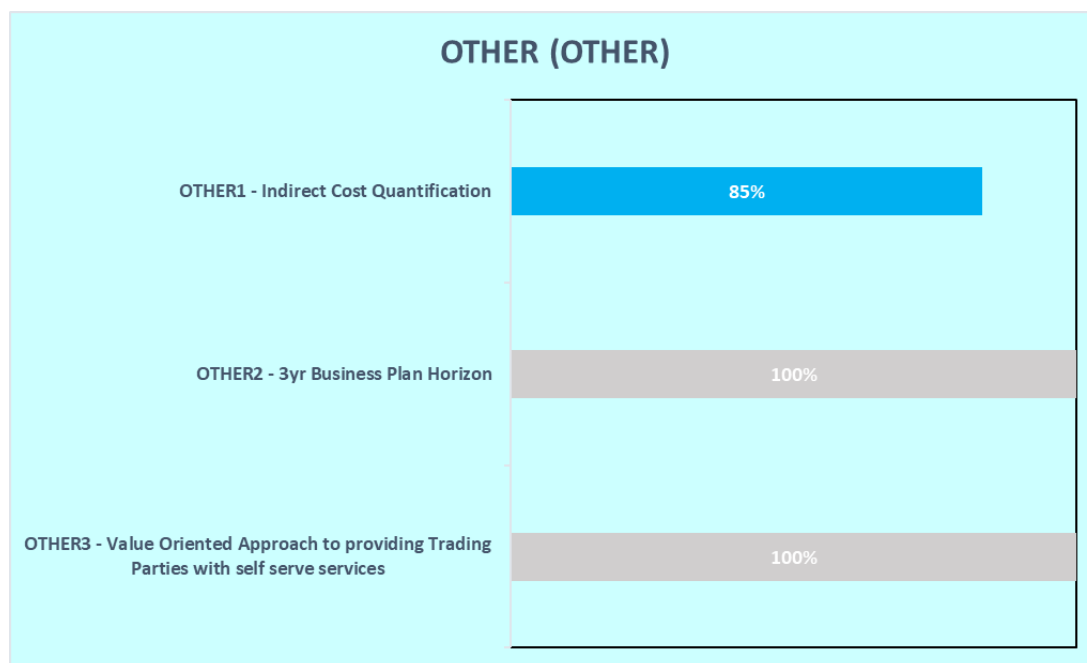
In the 2020/21 Business Plan, we included three overarching commitments aimed driving greater efficiency and effectiveness. These commitments are:

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

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

See the completion rates of the business commitments under the OTHER theme, in the graph below.



### OTHER1 - Indirect Cost Quantification (85 per cent complete)

We committed this year to improving our understanding of indirect cost of operating in the market and to use this information to prioritise our resource and investments in a way that drives the most overall value for our members.

A key driver of indirect costs in the market is wholesaler-retailer interactions. The current high level of friction and cost inefficiency is being targeted by our [Bilateral Transactions Programme](#). The programme's [Full Business Case](#) contains a detailed benefits case, including the reduction in indirect costs, which will be delivered by the programme. It also incorporates an assessment of potential trading party integration costs to provide a more complete assessment of total costs and benefits to the market. We will track delivery of indirect cost benefits as we report on the progress of the programme through 2021/22.

Other key drivers of indirect costs include the impact of poor-quality market data, metering activity and governance. Each of these three areas has been mapped into a specific improvement programme within our 2021-24 Business Plan – [Data Insight](#), [Strategic Metering Review](#) and [Market Governance](#) respectively.

Our understanding of indirect costs for poor quality market data and metering activity have been substantially improved using data provided by trading parties under two specific Requests for Information (RFIs). This data

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

will be used to target activity over the next three years in areas that will remove the most inefficiency in indirect costs.

We extended our analysis of indirect costs for market governance to include the indirect costs of time provided by committee members from trading parties. This gives a clearer overall view of the total cost of the Panel and committees. We published this information in our 2021-24 Business Plan. The data will be an input into the upcoming Governance Review.

We have set up a new gated investment appraisal and tracking process. This process includes an enhanced business case process to support major investments, incorporating indirect as well as direct costs and benefits.

2020/21 Quarter 4 deliverables	2021/22 Q1 Deliverables
<ul style="list-style-type: none"> <li>◆ Collected data on metering related costs incurred by trading parties (through RFI) to improve understanding in this area, as part of wider Strategic Metering Review – this data is already being used in development of the programme for 2021/22</li> <li>◆ Developed enhanced business case process to support major investments, incorporating indirect as well as direct costs and benefits.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Continue to build and enhance relationships at CFO level, to ensure clear understanding of how MOSL is targeted reductions in indirect costs and facilitate further sharing of information**</li> <li>◆ Continue to use indirect cost data in development of Strategic Metering programme for 2021/22</li> <li>◆ Embed use of business case into new gated investment approval process.</li> </ul>

### Risk and Issues

- ◆ There are no material risks or issues that currently impact the delivery of this commitment.

### Conclusion

We have made significant improvements in our understanding and use of indirect cost information during the last 12 months. In particular, we embedded indirect costs and benefits into the business case for our key Bilateral Transactions Programme and will start tracking of benefit delivery in 2021/22.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

We enhanced our indirect cost understanding in three of our other key improvement programmes. We also established an improved gated investment appraisal and tracking process. Taken together, we can use our enhanced understanding to better target our programmes on key areas of indirect cost inefficiency and then ensure these are built into robust business cases with delivery tracked and reported on regularly and transparently.

### OTHER 2 - Move to three-year business plan cycle (100 per cent complete)

This commitment is completed following member [approval of our three-year business plan](#) on 25 February 2021.

Commitments made for 2021/22 will be reported throughout the year using our [quarterly report](#).

2020/21 Quarter 4 deliverables	2021/22 Q1 Deliverables
<ul style="list-style-type: none"> <li>💧 2021-24 Business Plan published for member approval</li> <li>💧 General Meeting held for member voting</li> <li>💧 2021-24 Business Plan approved.</li> </ul>	<ul style="list-style-type: none"> <li>💧 OTHER 2 is now complete.</li> </ul>

### Conclusion

MOSL has established a business planning process that will be adopted and implemented going forward. This process ensured that the senior leadership team (SLT) had the right level of engagement with the Board and key stakeholders throughout this activity.

We will use the quarterly reporting approach we have introduced in 2020/21 in order to track and share progress of our key 2021/22 business plan objectives. Our quarterly reporting provided a high degree of transparency on MOSL plans and their progress. We welcome trading parties’ feedback on our reporting and are committed to reviewing and learning from this feedback to improve both the quality of the content and format of the report.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

In the future, the aim is to incorporate feedback from the trading party surveys into the business plan to ensure that trading party improvement and performance challenges are addressed.

### OTHER 3 - Value oriented approach to providing trading parties with self-serve services (100 per cent complete)

The aim of this commitment is to govern, approve and monitor all new business change activity, ensuring that change delivery is value adding. The SLT has reviewed and agreed to introduce a new gated investment appraisal and tracking process for all change projects in 2021/22.

This commitment is completed following SLT approval to implement the process on 29 March 2021.

2020/21 Quarter 4 deliverables	2021/22 Q1 Deliverables
<ul style="list-style-type: none"> <li>◆ Agreement from SLT to implement gated investment appraisal and tracking process</li> <li>◆ Investment Approval Board (IAB) established.</li> </ul>	<ul style="list-style-type: none"> <li>◆ First Investment Approval Board (IAB) Meeting to take place.**</li> </ul>

### Risks and issues

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

### Conclusion

With the gated investment appraisal and tracking process now approved, the next steps are to communicate this new approach across MOSL and provide an overview to the MOSL Board and key stakeholders.

MOSL will review the process to ensure that it fit for purpose and will continue to make changes where necessary.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.

## Report conclusion

In concluding our quarterly reporting for 2020/21 we are pleased with the overall progress we have made against the backdrop of a very challenging year for the industry. The challenges that we have faced during 2020/21 have required us to adapt and be flexible in our plans whilst focusing on what we committed to deliver.

We will continue to report our progress during 2021/22 on a quarterly basis, providing full transparency on the delivery of our ongoing and new business plan commitments.

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 MOSL [Communication Inbox](#).

A full report on the year's activities will be published in MOSL's 2020/21 Annual Report and Financial Statements due to be published in June 2021.

\*\* 2020/21 Q4 activity carried over to Q1 2021/22

\*\*\* The completion rate figure is an average of all commitments under each key theme.