

Minutes of Code Change Committee

Meeting 04

22 June 2022

MS Teams

Status of the Minutes: Final

Anthony Pygram	AP	Independent Chair	Ulrike Hotopp	UH	Independent Member
Mike O'Connor	MO	Independent Member	Claire Yeates	CY	Retailer Member
Mike Rathbone	MR	Wholesaler Member	Matthew Glover	MG	Retailer Member
Paul Stelfox	PS	Wholesaler Member	Christina Blackwell	CB	Customer Representative
Steve Creighton	SC	Alternative Customer Representative			

AFFILIATE MEMBERS PRESENT

Dan Mason	DM	Ofwat Affiliate Member			
-----------	----	------------------------	--	--	--

SECRETARIAT

Adam Richardson	AR	Panel Secretary	Sam Mawby	SMa	Secretariat
Nichola Vincendeau	NV	Secretariat			

OTHER ATTENDEES

Darren Hayes	DH	Ofwat	Sasha Pearce	SP	Ofwat
Stuart Boyle	SB	MOSL Presenter (item 3)	Amanda Hinde	AH	MOSL Presenter (item 5)
Huw Comerford	HC	MOSL Observer			

APOLOGIES

Sarah McMath	SM	MOSL Affiliate Member			
--------------	----	-----------------------	--	--	--

1. Welcome and Introductions

- 1.1. The Chair welcomed members to the Code Change Committee meeting.
- 1.2. It was confirmed that the meeting was quorate.
- 1.3. Code Change Committee members were asked to declare any potential conflicts of interest in relation to the meeting agenda. No interests were noted.

2. Minutes and Outstanding Actions

- 2.1. The Committee noted the minutes from Code Change Committee 03 (24 May 2022) had been circulated for review. A clarificatory amendment was proposed that at item 4, 4.3 the sentence should read: “The customer representative advised that over 70% of customer complaints related to billing and therefore there should be an incentive to ensure accurate billing”. This amendment was agreed by the committee and the minutes were approved.
- 2.2. The following actions were presented for closure and were closed:
CCC03_03
- 2.3. The following actions (in addition to the actions relating to Post Implementation Reviews) would remain open:
CCC01_08, CCC02_01 and CCC03_01 (the final action had an update as of June 2022 which was circulated to committee with the associated papers for the meeting).

3. Change Report

- 3.1. SB presented a summary of the change report which had been circulated with the agenda. This highlighted the delivery programme, upcoming changes including potential changes in the pipeline, on-hold changes, consultations and Ofwat decisions. SB outlined some key areas – the strategic changes are highlighted as bold in the report. SB also highlighted the large piece of work that is upcoming with the Welsh Border changes.
- 3.2. SB explained there were no new changes to review in this meeting. The Committee noted potential changes that were anticipated to come to this meeting were now expected to be raised in July or August.
- 3.3. Committee members agreed that, while flexibility is needed, and MOSL could not guarantee when new changes might be raised by other parties, it was not ideal to have changes dropped from the schedule. It was agreed that it was better to have anticipated dates for changes and there was a discussion about the capacity at Ofwat and the prioritisation process both for the committee and for Ofwat. It was mentioned that the strategic context for proposed changes to the code would be helpful for Ofwat to aid in its decision-making.

4. Any Other Business (AOB)

Potential Conflicts of Interest

- 4.1. There was a discussion about how to approach perceived or actual conflicts of interest for members associated with changes raised by a committee members' home organisation.
- 4.2. It was noted that the proposer of a code change was the named authority for representing that change as raised by, for example, a trading party. This responsibility as a proposer was incompatible with the role of a CCC member as members were required to act impartially, not in the interests of any one trading party or class of trading parties. When acting on the CCC, members' employers had committed to release them from their responsibilities as an employee. Consequently, it was noted that members should not participate in decisions on changes if they were the proposer of a code change.
- 4.3. It was also noted that committee members might make use of the existing code provisions to appoint Alternates in order to manage conflicts of interests where these might arise. Members observed that there was no requirement for an Alternate to be employed by the same organisation as the committee member. One model that was suggested was to have a small pool of people who could act as Alternates for committee members when they, or their home organisation, were making a proposed change. It was agreed that a paper would be prepared for this by MOSL for a future meeting.

Closed Session

5. Strategic Panel Priorities Feedback

5.1. Committee members considered the Strategic Panel's Market Outcomes and Priorities document in relation to the Code Change Committee's work.

Overall Outcomes

- The CCC agreed with the outcomes the Strategic Panel had proposed.
- Committee members would welcome further consideration of waste-water and environmental sustainability of the sewerage system (consistent with the resilience principles in the market codes) in addition to the focus on water efficiency.
- Committee members also felt that, outside reference in the appendices, there was no direct consideration on wider environmental goals relating to the national strategy for net zero greenhouse gas emissions by 2050.
- The CCC questioned whether there was need for a stronger 'golden thread' from the Defra strategic policy statement and Ofwat strategic outcomes through to the overall outcomes.

Priority Areas of Focus

- The Committee agreed with the priority areas of focus and the overarching priority. In particular, the CCC:
 - Recognised that there are factors outside the market codes that are critical to the delivery of key market outcomes and that code change is therefore not a silver bullet to resolve all these areas.
 - Remained mindful that code changes should work in harmony with the external environment and were pleased to see recognition of the importance of the review of the Retail Exist Code (REC) and the current price review (PR24).
 - Agreed that code changes should strive for simplicity wherever possible.
 - Agreed that the priorities for code changes seem appropriate and noted that this would require the CCC to develop a prioritisation approach that will be applied to all code changes, including those raised by Strategic Panel committees.

Timescales

- CCC Members agreed the Strategic Panel had described an ambitious timetable across a number of priority areas and acknowledged the importance of delivering improvement across the market. The Committee reflected that it would be important to ensure that the Strategic Panel, its committees and wider industry have the capacity and bandwidth to deliver this ambitious programme otherwise some timescales may need adjusting.

Review of the Change Mechanism

- The Committee agreed that it was important to review the change mechanism.
- Committee members sought a change mechanism that:
 - provided for a more flexible and agile service;
 - prioritised impactful change;
 - provided timely stakeholder engagement;
 - enabled the initiation and delivery of change that achieves strategic outcomes; and
 - protected and promoted customer interests.
- Members noted that consideration would need to be given to:
 - the sources of strategic change (including how the Strategic Panel, its committees, the Market Operator and trading parties and other groups work together to deliver strategic change efficiently without gaps or overlaps);
 - the role of the CCC in overseeing the programme of code change and what prioritisation means in practice (whether this is about putting changes in order or also about pushing back on changes that don't support the overall strategic direction); and
 - the role of the CCC in monitoring and reporting to the Strategic Panel on the delivery of change and undertaking post implementation reviews of significant changes.
- Committee members noted the importance of getting the review right and ensuring any review engaged appropriately with all stakeholders – this meant the proposed timescale to complete the review felt particularly ambitious. The CCC agreed that it would aim to implement any identified revisions to working practice swiftly, however, it may be more appropriate to signal implementation of any required code changes in Q4 of 2022/23 or early in the next financial year (2023/24).

5.2. The Code Change Committee:

- **AGREED** (unanimous) key themes to incorporate into the response to the Panel and
- **AGREED** (unanimous) to delegate responsibility to the Chair to finalise the Code Change Committee's response to the Strategic Panel Priorities. The response would be circulated to members for final comments ahead of submission to the Strategic Panel.

5.3. The Chair thanked the MOSL colleagues for their presentation and thanked all members of the committee for their contributions and closed the meeting at 11.30am