

Minutes of the Market Performance Committee Meeting 44

26 November 2020 | 9:30 – 15:15

Held via Videoconference (Microsoft Teams)

Status of the Minutes: **FINAL**

MEMBERS PRESENT

John Gilbert	JG	Interim Chair	Gerard Lyden	GL	Wholesale Committee Member
Claire Yeates	CY	Retailer Committee Member	Jesse Wright	JW	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Michael Rathbone	MR	Wholesaler Committee Member
Don Maher	DM	Wholesaler Committee Member	Andrew Smith	AS	Retailer Committee Member
Wendy Monk	WM	Retailer Committee Member			

OTHER ATTENDEES

Samantha Webb	SW	MOSL Presenter	Luke Austin	LA	MOSL Presenter
Matt Labrum	MLa	MOSL Presenter	Pam Nash	PN	MOSL Observer
Alexandra Piper	AP	MOSL Presenter	Markus Lloyd	ML	MOSL Presenter
Darren Hayes	DH	Owat Presenter	Ethan Fleming	EF	Secretariat
Adam Boyns	AB	CCW Presenter	John Vinson	JV	Independent Supporting Member
Martin Hall	MH	MOSL Presenter	Pamela Taylor	PT	Independent Supporting Member
Chris Chiorean	CC	MOSL Observer			

APOLOGIES

1. Welcome and Introductions

1.1. The Chair welcomed everyone to the meeting.

Agenda

1.2. The Chair reported that there were a number of papers with recommendations for the MPC and the Trading Party insight slot would be provided by AS.

Minutes Sign Off

1.3. A member asked that papers be posted on SharePoint as Word documents to allow commenting and tracked changes.

1.4. The minutes of the previous meeting were agreed as an accurate and correct record.

Actions

- 1.5. MOSL presented the actions to be closed namely: 42_02, 42_04, 41_11, 43_01, 43_02, 43_03, 43_04
- 1.6. Action 42_08 relating to a summary table for when SPIDs would fail MPS18 and 19 couldn't not be provided as it would change on a daily basis due to the number of variables. The current scale of the problem would be seen with the running of the MPS in December reflecting the expected spike in failures on the 31st October 2020, this was likely to be around 14,500 SPIDs with a value of £140,000 in charges. It was noted that the scale of the issue had been reducing since market opening. It was agreed to close this action and open a new action. The new action was for MOSL to consider how to alleviate the issue in the future and to consider if they could be included in Pairing Improvement Plans (PIPs) or in any other way.

ACTION:44_01

2. Updates

Ofwat

- 2.1. DH reported that a joint statement with MOSL had been issued on the 4th November in relation to the renewed lockdown. Ofwat were seeking to protect customers and prevent systemic retailer failure. Ofwat maintained that where business customers could pay bills they should do so. MPS and OPS were suspended until the end of December 2020 to reflect the lockdown situation, this would be kept under review to ensure a pragmatic solution.
- 2.2. Ofwat were considering two proposed changes to the Customer Protection Code of Practice.
- 2.3. A joint statement with CCW had been issued outlining how retailers should engage with customers including the protections available for them and that these should be tailored as appropriate. An RFI had been issued to develop a better understanding of the situation in the market in relation to repayment plans and enforcement action. This had now closed and was being considered internally by Ofwat before a proposal was issued for consultation in the near future.
- 2.4. Rachel Fletcher had attended the CEO Forum and outlined a vision for the business retail market that created value in a dynamic and competitive environment that was focussed on the customer need. Innovation was seen as a key part of achieving this.
- 2.5. Ofwat had been working with the RWG subgroup on water efficiency to finalise an action plan. A timeline for this would be circulated out of committee.

ACTION:44_02

- 2.6. The market monitoring for year four was being considered including an RFI from retailers to inform the form and format of this.

CCW

- 2.7. AB reported that complaints in October had been forecast to decrease but the final result had been a slight increase from September. This represented the market catching up post the first lockdown although now appeared to be levelling off which could be seen with billing disputes decreasing and more standard complaints being received.
- 2.8. There had been no changes to entry and exit complaints. Metering and consumption had increased despite the previous outlying retailer having reduced to normal levels, this had been offset by a large volume against another retailer. Within disputed liability customers were expressing concerns relating to estimating. This may increase as customer invoices lagged due to twice yearly billing.

- 2.9. A member noted that many reads could not be collected in the first lockdown and they had encouraged customer reads to resolve the estimation issues reducing the need for complaints to be elevated.
- 2.10. A member noted that customers may not be dealing with their water bills as a priority, instead focussing on other more immediate concerns.
- 2.11. A member asked what could be done to join this data with other data sets available either in MOSL or from TP's. This could include data in relation to regional impacts, long unread meters and meter read performance. MOSL and CCW would discuss this and present a plan at a future meeting.

ACTION:44_03

- 2.12. A member proposed the MPC undertaking a deep dive on complaints at some point in the future, looking across various data sources and considering incentives and levels of service. It may also be a subject for a TP insight slot. It was agreed DM would work with MOSL and CCW on action 44_03 to explore data available and what questions could be addressed.
- 2.13. AB reported that only complaints that were formally elevated to CCW were being presented and due to this there was a lag in data reaching CCW. The formal CCW complaints represented a small fraction of overall complaints in the market. CCW did receive data from retailers on numbers of complaints however these could not be shared outside of CCW and would not fit into the breakdown of the customer journey as retailers categorised in different ways.
- 2.14. The MPC agreed that more timely data than the annual report from CCW would be of benefit. If this was not available anecdotal high-level data could be gained via portfolio managers or data scraping/sentiment analysis from other sources such as social media or review sites could be investigated.
- 2.15. There were eight complaints in relation to switching with the customer being blocked from switching due to debt. As there was currently more debt in the market this may occur more often.
- 2.16. Administration complaints were decreasing as issues post lockdown were resolved and business as usual resumed.
- 2.17. The sewerage flood complaint was a combination of the retailer and wholesaler with the retailer unable to respond to the customer due to wholesaler operational delays. A member asked that the assigning of responsibility be considered in action 44_03.
- 2.18. A member asked in relation to the Customer Code of Protection change in relation to debt was there a spike in complaints that had informed the proposal. AB confirmed that there had been an increase in debts and debt recovering complaints and from a policy position CCW were attempting to maintain consistency with protections in the first lockdown.

3. Market Performance

MOSL

- 3.1. AP reported that OPS rose by 4.5% in October to 94.3% overall, MPS was at 85.1% which was comparable to February 2020. OPS tasks volumes were increasing with over 8000 in October in total. MPS tasks had fallen slightly to around 5000 with falls against MPS15 and 18. Tasks volumes were in the "low normal" range.
- 3.2. Against the customer journey market entry was 3% below the six monthly Covid average, asset maintenance was 2% below the pre-Covid average. In the period before Covid asset maintenance had been on an upward trend. Insight and choice was 10% below average.
- 3.3. A member asked if the increased level of vacancy would have an impact. AP explained that if a meter was due to be read and marked as vacant it would not appear as a MPS18/19 task, partially

explaining the fall. AP also asked the MPC to note that the data was volatile and unlikely to show a month on month increase with some natural variation to be expected.

- 3.4. For OPS mapped against the customer journey market entry was showing an increasing trend with more tasks completed on time and more new tasks completed. Market exit remained low but was increasing and asset maintenance was also increasing at a steady rate.
- 3.5. AP presented the deferred OPS data on a regional basis. Wholesalers had been grouped into four regions and all OPS data was used except for trade effluence standards. Welsh water had also been excluded. MOSL only had sight of deferred tasks once they were completed with the deferral rate presented representing completed deferred tasks against the total number of completed tasks. A rise had occurred in the North and Midlands areas pre-Covid with a reduction now occurring in the North. A high proportion of completed tasks had previously been deferred. The actual volumes in the North and Midlands had not exceeded the volumes pre-Covid. The South West and South East were showing an increased deferral rate with the volumes of tasks at a significant increase and higher than pre-Covid.
- 3.6. A member thanked MOSL for the data and asked the MPC to note that benefit was limited by not knowing the amount of total deferred tasks. The data appeared to show that in the South there was more tasks were being deferred despite the looser lockdown measures however it could be due to more deferred tasks being completed than more tasks being deferred. The North despite showing a lower deferral rate may have a large number of deferred tasks that could not be currently completed. Alternatively, tasks may not be being raised as it was known they could not be completed. It was also noted there was a large number of total outstanding tasks which would partly be made up of deferred tasks.
- 3.7. It was clarified that the data covered the period until the end of September which included local lockdowns but not the tier systems that were introduced on the 14th October. The data could be updated but was a lengthy process due to the lack of automation. The rate of deferrals did not currently appear to be increasing and this should be monitored by MOSL with a view to presenting to the committee if indicators showed an increase in deferrals.
- 3.8. A member asked what the impact of deferrals were on customers and the reasons given for deferrals as it may be customers deferring tasks. CC explained that previous work had identified that a large number of deferrals were due to the initial forms being sent. This was not that the information was incorrect but did relate to the information on the initial form that result in a deferral. The bilaterals project would allow more analysis in the future.
- 3.9. The rejection rates of tasks had seen no significant changes although less tasks were being raised in comparison to the rejection rate.

Covid

- 3.10. ML reported that the unwinding of unassured vacants continued, Wave was slower in making the adjustments than other retailers due to issues with their billing engine. In the last two weeks 110 had been resolved by Wave. New Water had removed all vacancies and other retailers remained static with investigations into why this was the case. The current total figure was 2280 with 94% of them turned to vacant after lockdown.
- 3.11. The Covid Transition Group was tracking YVE's to identify if they were rising or falling with the majority seeing a fall. It was also possible monitor this by region or retailer with more insight available as the data continued to be consolidated. Tracking on a regular basis would allow for the impact on settlement to be understood. A further update on this would be provided at a future meeting.
- 3.12. A member asked if the Wave vacancies were likely to increase in speed as there was a large amount to resolve. It was clarified that these were BAU vacancies that were made vacant after the

16th March without the temporary flag. To resolve requiring working through them on a line by line basis to tag them as assured. A bulk method of doing this had been investigated but did not appear possible.

PIPs

- 3.13. SW reported that the issuing of the Pairing Improvement Plans had been delayed due to the 2nd Lockdown. Ten pairs had been chosen, five from the top levels of vacancy's and five from long unread meters who had asked to take part or had a large influence on the market. The plans were voluntary and not code mandated.
- 3.14. A member suggested issuing them as promptly as possible as it would allow TP's more time to engage and plan. It would be useful as a minimum to notify the pairs that they had been identified for PIPs. Other members agreed with this approach and requested an update at a future meeting.
- 3.15. It was noted that the pairings decided on a timescale with MOSL acting as facilitators. The goal was for each of the pairs to works with each other and the PFM's to resolve and reduce with monthly meetings to track progress. A status update showing what had been agreed would be submitted on the 28th January.
- 3.16. The MPC supported being clearer on expected timetables from the pairings and applying stretch targets to encourage faster resolution. MOSL would update the MPC at the January meeting or out of committee on what could be implemented and the timescales for this. This should be balanced against not setting targets that reduced the quality of the work which had previously been expressed as a concern by TP's.

ACTION:44_04

RMeX

- 3.17. SW recapped that RMeX had evolved from the RWG and sought a qualitative view of wholesaler service. The issuing of it had been delayed due to Covid. Ten questions had been issued to 46 retailers with 18 responses, four of these responses were only partially complete and had therefore been discard. This represented a response rate of 37% which was low however it had been issued at the same time as other RFI's. MOSL were seeking clarity from those that had not rated all of their wholesalers as to how and why they picked the ones they did review and seeking reasons why some retailers had not responded at all.
- 3.18. The average score across all areas apart from one was seven with Bristol Water consistently scoring the highest.
- 3.19. There had been good coverage of the overall market share with only two wholesalers not being reviewed. The wholesaler reviewed the most times as South West Water. Around 90% of consumption in the market was covered although due to the small sample size it may not be as useful as was hoped.
- 3.20. A league tale had been created against the MPS data and would be repeated against the OPS data and potentially customer complaints to view any correlations.
- 3.21. The results from the survey would be published on the 14th December with the next survey to be issued on the 1st March. The results from the survey would include all comments to allow for better understanding.
- 3.22. Members of the committee would feedback on items to be improved and reasons why their TP did not complete/review all wholesalers.
- 3.23. A member noted if retailers were only reviewing the wholesalers, they felt performed the worst then this would skew the data and endorsed MOSL seeking further context.

- 3.24. A RMeX sub-group meeting would be arranged, this could consider the weighting of surveys, refinement and ease of use of the survey and the possibility of making it mandatory.

ACTION:44_05

- 3.25. A member commented that they would support in the publication of the results rewarding and recognising those who submitted the most complete surveys to encourage completion of future surveys.

- 3.26. If there was not an MPC in December, the format of the publication of RMeX and accompanying prose would be circulated via email.

4. Market Improvement

Metering Strategy

- 4.1. MH reported that the metering landscape was complicated with many aging meters of different types. At current estimates 1% of meters were responsible for 43% of consumption, due to this there was not a one size fits all approach to the issue. AMR technology was fitted to 24% of meters, responsible for 46% of consumption, although it was likely the technology was not being used to full effect.
- 4.2. Nearly all meters were required to be read twice a year at a cost of millions to the market each year. Many TP's viewed that meters with low consumption were not financially viable to read.
- 4.3. From a bottom up evaluation of problem areas, a series of workstreams had been developed and prioritised with communications to industry. An RFI for metering had been completed with 28 responses. Short term priorities would be addressed in the 2020/21 financial year, medium term issues in 2021/22 as project work and longer-term projects beyond this including in preparation for PR24.
- 4.4. CY would share the metering paper that the Panel were currently considering with MPC members.

ACTION:44_06

Data Cleanse

- 4.5. MLa reported that there had been 24 responses to the RFI, representing a coverage of 97% of SPIDs, more retailer responses would had been of benefit.
- 4.6. The RFI had identified the impacts of poor data quality as large additional costs to TP's for managing and servicing related to the data, charges from the MPS due to lack of data, underbilling/non-payment and water efficiency. Costs had been submitted in terms of FTE's used by TP's to manage it and did not include third parties or indirect costs.
- 4.7. The RFI had identified additional data outside of CMOS that could be of use to the market. This included location data held by wholesalers.
- 4.8. The implementation of new technology may allow third parties to input data into CMOS although this may cause issues relating to data ownership or the deterioration of data quality which had been highlighted in some responses.
- 4.9. There was strong support to removing the meter manufacturer as a validation field. Minority opposition to this was due to the costs of removing and that only relying on serial numbers presented a risk of duplicate serial numbers. The risk of this appeared minor with only a small number of duplicates and could be mitigated by referring to initial meter reads. There was a large number of rejected meter reads due to the 61 validation criteria in place which resulted in an additional cost to the market.

- 4.10. A potential lack of clarity had been identified between name and banner names, although the majority of TP's confirmed understanding of the principles but this could not be seen in practice.
- 4.11. A member commented that the benefits and costs should be mapped against the customer journey to determine impacts. If possible, retailer's ability to demonstrate differentiation should not be eroded as retailers with USP's presented benefits to customers. Solutions may possibly be funded from the CMP018 fund or Ofwat's innovation fund.
- 4.12. LA reported that data was being addressed across three years with a plan to be formed by the end of December. This would begin with PIPs, IPRPs and then leading onto longer term code changes. Full data sharing would be piloted with a small number of TP's using limited data sets. Often both sides of the TP's had better data on their own systems than was held centrally and by sharing and comparing it may deliver significant benefits. This may come at a large cost.
- 4.13. A member commented that they would support plans that were more ambitious and leading than taking a passive approach and looked forward to understanding the plan and next steps with resources at a future meeting. SA confirmed that the RFI had been useful to inform internal business cases and identify clear cases for change.

Vacancy Strategy

- 4.14. LA presented the paper MPC44_03: Vacancy Strategy and requested feedback on the activities and targets that had been proposed and the different categories of vacancies identified. LA thanked members for comments submitted in advance.
- 4.15. A member responded that a presentation had been made at the Northern Hub which had demonstrated that the understanding of those present was low. There were comments from the Northern Hub about refining the definitions used for long terms vacants that were not eligible for the market. Scottish Water had also been present and presented that they had a list of premises that received no services but were non household.
- 4.16. A member asked that the differences between metered and unmetered premises be explored more as a metered premise should have regular onsite visits in contrast to non-metered premises. This did not mean that if something was vacant and unmetered that they were not eligible as these were often occupied in practice. LA agreed that this was useful insight and needed to be understood more. This may apply to other categories within the paper which TP's may have additional data insights into.
- 4.17. Another member supported MOSL producing a list of questions for TP's to use to agree what was required to create the best solution in relation to each vacancy. This may include site visits or desktop exercises based on their experience.
- 4.18. A member expressed concern over the forecast outcomes of the change proposal as having assumptions from the underlying data that did not reflect realities. LA explained that this was based off a sample size from a third party but there would be variability in the results.
- 4.19. A member commented that the long terms vacants with no meters were likely the lowest value and a small element of the market. If it required significant effort to resolve the resources may be better deployed to other areas that delivered more impact.
- 4.20. A member asked in relation to vacancy with consumption if the 0.25 was 25 litres and if this was correct. LA responded that this was a figure agreed with the vacancy subgroup in conjunction with the RWG. As it was only a parameter it could be adjusted if the MPC felt another figure was appropriate.
- 4.21. A member asked that if there was consumption at any level should the property be flagged as occupied. Currently the situation was that those consuming but marked as vacant were being

subsidised by other paying customers which should be resolved. There was currently a bilateral mechanism for to address leakage. MOSL would address this with the subgroup.

- 4.22. The possibility of third parties being involved to add more competition would be fettered by access to data. Although outside of MPOP it should be explored to improve innovation and competition.
- 4.23. A member asked if there was a move to meter unmetered properties. Another member responded that many unmetered premises were related to wastage. It did not appear an urgent topic for retailers. MOSL could identify those unmetered premises that had water and wastewater supplies. In some city centres there was complexity in historical plumbing that inhibited the installation of meters.
- 4.24. Members were asked to submit comments via email if they had anything further to add.

Impact of Estimation on Settlement

- 4.25. LA presented the paper MPC44_04 detailing the impact of estimation on settlement. The issue of YVE's had been examined as part of the MPOP noting there was a larger piece of work relating to the underestimation from historic reads.
- 4.26. A member noted that estimates from historic reads were understating annual consumption by 42% which caused impacts on payments to wholesalers.
- 4.27. A member noted that the paper suggested that the bigger issue related to inaccurate estimates from historical consumption and questioned if this should be resolved first and what the impact of the API for YVE's would have. MOSL agreed that this was a significant issue and a large data set with further work to be done to resolve. YVE's had been prioritised first due to it being identified in MPOP.
- 4.28. The MPC supported a YVE API and to report back on further details and identify the next steps to address the historic reads informing estimation.

5. Trading Party Insight Slot

- 5.1. AS presented that deferrals were previously not widely being used but were viewed as preferential to closing as although this reset the SLA did not benefit the customer. More deferrals were being used but not consistently across the market or within TP's.
- 5.2. Broadly it appeared that 7% of service requests were deferred with 42% deferred by customers and 55% by retailers. The highest deferral in days was 416 days with half of cases deferred by 90 days or more. The guidance available set out acceptable reasons for deferral but identified that excessive use would be subject to MPC scrutiny. As this was not part of the OPS reporting it relied on TP's highlighting it to the MPC. The deferral codes were imprecise/ambiguous with no code for Covid which was often marked with the customer code, but this was not consistently applied. More codes that were clearer may provide more clarity.
- 5.3. It was important to communicate with the customer the reasons for deferrals and the ability to explain timescales. The lack of positive updates due to deferrals may negatively impact the customer and result in them switching away. This was dependant on clear information and communication between TP's.
- 5.4. The bilaterals project would assist in giving more visibility of deferrals and the timescales related to them.
- 5.5. There was a need for revised guidance and for this to be communicated widely with if possible, the use of interactive tools. The current guidance was to create a short-term solution and to provide good practice than a code requirement. A longer-term solution would be needed in response to the bilaterals project, the project would allow the MPC to monitor levels of deferrals and timescales due to the enhanced capability.

- 5.6. A member noted that removing out of date deferral codes or adding a text field for context provision could be of benefit.
- 5.7. The PWC audit covered OPS reporting and should be examined to determine if it covered deferrals.
- 5.8. The MPC discussed the need to be clear on who made the decision to defer within a TP/customer.
- 5.9. The Chair was tasked to ensure the MPC comments were included into the bilaterals project and to discuss with AS as required.

ACTION:44_07

6. Workplanning

- 6.1. ML reported that there were no workstreams showing as delayed with activities around vacancy and the API for data quality progressing. Programme B was benefiting from crossover with the strategic metering review and the work with CGI. The Covid work was transition from addressing assured vacants and into examining YVE's and the impact of lockdown.
- 6.2. The plan presented represented the rebaselined activities progress as presented at the last meeting.
- 6.3. The rectification plans subgroup would be combined with the MPF subgroup as there was an overlap between the work and membership. An MPF subgroup meeting would be held in December to receive an update and examine how to drive the pace of change.

7. AOB

MPC Chair

- 7.1. The Chair reported that after consultation with the Panel MOSL had appointed PT as the Chair of MPC.
- 7.2. Members thanked JG for his time as chair and his ability to act independently and guiding the MPC well.

Strategy Session

- 7.3. JW reported that the preplanning meeting had identified the purpose of the session to focus on the RISE reports and what they meant for the MPC. The MPC would be split into breakout sessions to address sections of the report in detail. There would be preparation work required by members in advance which would be circulated out of committee.

DONM

- 7.4. The MPC agreed that a December session was not currently needed with the next full meeting in January. This would be kept under review by MOSL who would convene a meeting if required to.
- 7.5. The MPC agreed that the Trading Party Insight slot was a useful agenda item and should continue with volunteers invited to come forward. GL volunteered to present on site visits at the January meeting.