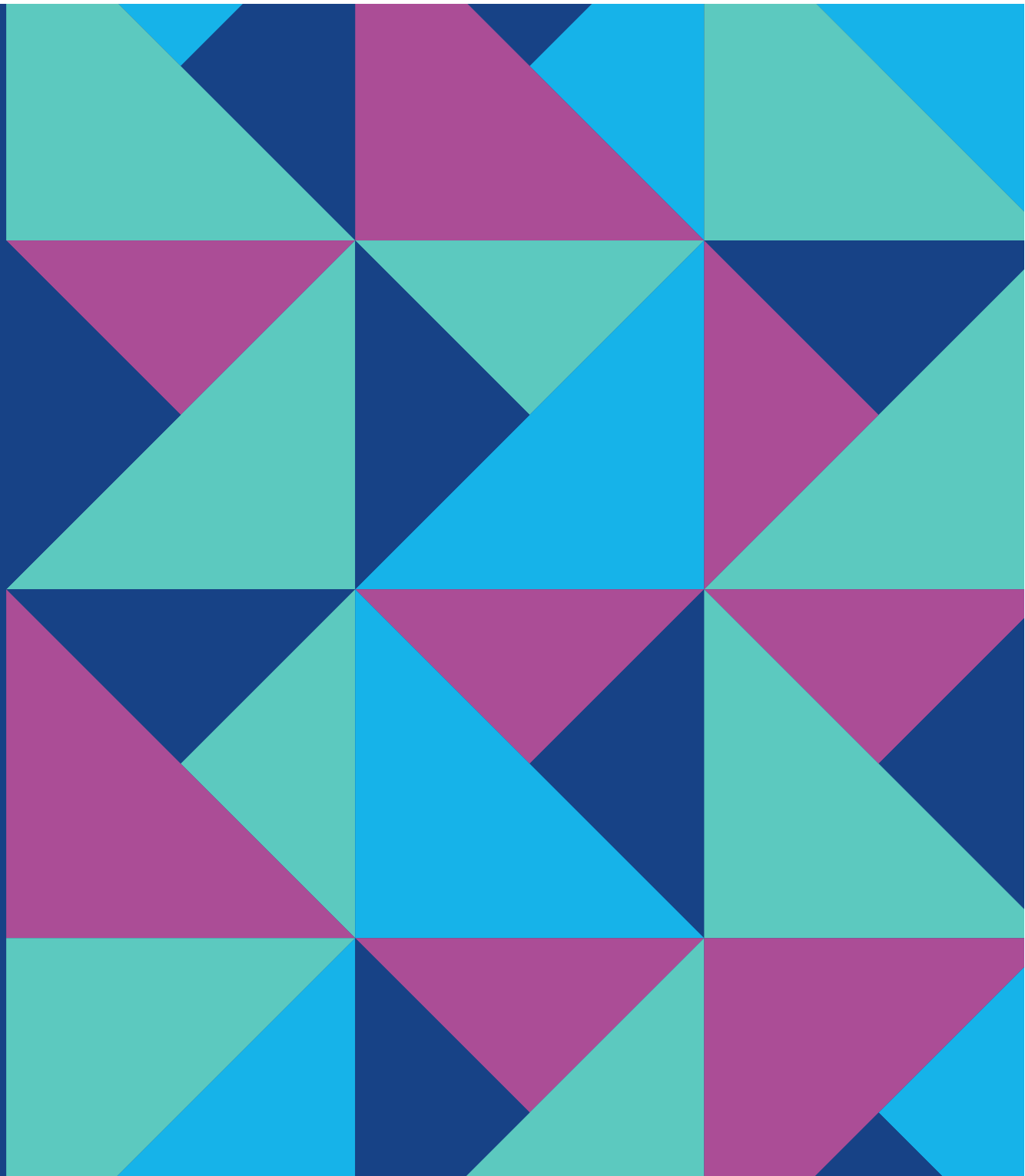


29.03.23 / Version 4.0

Governance Framework

RWG



Change History

Version Number	Date of Issue	Reason for Change	Sections affected	Next review date (no later than)
1.0	12 August 2021	Initial publication	All	12 August 2022
2.0	16 December 2021	Minor change to specify steering group standing stakeholder invitees.	6.5	12 August 2022
3.0	16 January 2023	RWG Awards and Rules	6.6	12 August 2023
4.0	29 March 2023	Changes made following Steering Group Meeting 29/3/23	6, 10, 12 & 13	12 August 2023

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1.0 RWG Core purpose

Retailers and Wholesalers working together with key market stakeholders to improve the market and deliver excellent outcomes for customers.

2.0 RWG Key objectives

- 1** To understand the outcomes that non-household customers want and deliver change for their benefit.
- 2** To provide a forum for retailers and wholesalers to work together constructively.
- 3** To support the delivery of strategic market objectives.
- 4** To identify, discuss and prioritise opportunities, issues and market frictions and inefficiencies.
- 5** To promote consistency of wholesaler and retailer interactions where appropriate through the development of standard industry approaches and good practice.
- 6** To promote effective adoption and implementation of good practice.
- 7** To promote benefits and successes with customers and stakeholders.
- 8** To embrace and promote innovation across the market.

3.0 RWG Principles

The RWG and its members will:

- Be focused on the customer
- Create an environment where everyone can openly share their views, share good practice and test understanding
- Welcome input from all
- Share experiences and lessons learned
- Listen and be willing to be challenged
- Promote and champion change and the adoption of good practice
- Act in the best interest of the market and not their company or market segment
- Ensure transparency of activities and processes
- Engage in the spirit and principles of the RWG and the market
- Not fall out!

The RWG will not set the strategic priorities for the market although it may provide input into the development of these strategies. As appropriate the RWG will deliver outcomes that support the achievement of the strategic goals set by other stakeholders.

The RWG is a voluntary group of trading party members with no employees or legal or regulatory obligations and thus it should not be considered a formal delivery vehicle for market change.

The RWG and its members cannot be held accountable for non-delivery of its intended outputs.

The RWG will not be responsible for trading party compliance with any RWG outputs or any associated enforcement activity. This will be carried out by MOSL and Ofwat as appropriate.

4.0 Compliance statement

At the start of all RWG meetings the chair must request that attendees note the following compliance statement. The compliance statement will be reviewed annually by the RWG chairs.

“We would like to remind everyone of the need to comply with applicable law, notably competition law. This means that we must not discuss within the RWG main and sub-groups any subject which involves the exchange of commercially sensitive information including that relating to prices, costs, specific customers and future strategy or business plans.

In particular, it is an offence punishable by financial penalty and / or criminal sanction for a company or individual to enter into agreements directly or indirectly fixing prices to be charged or paid for particular activities or dividing up customers, sources of supply or markets between them.

As the chairperson(s) of this meeting, if we consider there is a risk of competition law being breached it is our responsibility to end the meeting or conversation and to make it clear why this is being done, and the responsibility of any participant who perceives such a risk to say so and leave the meeting.”

5.0 Membership and composition

5.1 Member Organisations

RWG is a retailer and wholesaler jointly led organisation.

As part of the new trading party on boarding process conducted by MOSL all licensed retailers and wholesalers will be invited by the RWG Chair to become member organisations of the RWG when they become a trading party in accordance with the Market Arrangement Code. Once a retailer or wholesaler becomes a member organisation its employees will be considered to be RWG members.

Member organisations can opt out of or opt back in to their RWG membership at any time.

5.2 Other stakeholders

Other industry stakeholders can actively participate in the work of the RWG. These stakeholders will not take part in any formal votes.

MOSL, Ofwat, CC Water, Defra, the EA, Welsh Government and Natural Resources Wales:

These stakeholders can attend and provide input into RWG meetings / sub-group meetings.

Customers, customer representatives and customer groups:

These stakeholders will be invited to attend RWG meetings by agreement of the RWG chairs and sub-group meetings by agreement of the sub-group chairs.

Third parties and suppliers:

These stakeholders will be invited to attend RWG meetings by agreement of the RWG chairs and sub-group meetings by agreement of the sub-group chairs.

6.0 Key roles

6.1 RWG Chairs

Composition:

- The RWG will appoint joint retailer and wholesaler chairs
- The Retailer chair must be from a member organisation who is serving non-household customers i.e. considered to be an “active” trading party.
- The Wholesaler chair must be from a licensed wholesaler operating in England or Wales
- By exception, the RWG Chairs may elect to approve a Chair from an organisation outside these criteria
- If for any reason either of the chair roles cannot be filled a non-retailer or wholesaler chair may be appointed by the remaining chair as required on an interim basis until which time a replacement chair can be found

Selection:

The RWG Chairs or RWG steering group will issue a call for nominations. Members will vote for the RWG chair with voting ring fenced for retailer and wholesaler members for their respective chair. Each member organisation will get one vote.

Term:

- The chairs will serve a maximum term of two years from the date of their appointment
- Chairs can serve a maximum of two consecutive terms
- After a two year term of not holding office an ex chair or vice chair may be re-elected
- The appointment of retailer and wholesaler chairs will be staggered such that the retailer chair will be selected one year and the wholesaler chair selected in the following year and so on - this will help to ensure stability and continuity for RWG

6.2 RWG Vice Chairs

Composition:

The RWG will appoint a retailer vice chair and wholesaler vice chair from a retailer or wholesaler member organisation. In the event that a chair should step down prior to a replacement being identified, the vice chairs will step into the relevant RWG chair role temporarily to fulfil the outgoing chair's responsibilities until a replacement is appointed, provided they meet the RWG chair eligibility requirements.

Selection:

Retailer and Wholesaler vice chairs will be appointed by the retailer and wholesaler chairs respectively.

Term:

The vice chairs will serve a maximum term of two years from the date of their appointment. Vice chairs can be re-appointed with agreement of RWG members.

6.3 Sub-group chairs

Composition:

Single or joint wholesaler and retailer sub-group chairs can be appointed as required from a retailer or wholesaler member organisation.

Selection:

Initially the sub-group chairs will be selected by the RWG steering group once the requirement for a sub-group is established. Opportunities to chair sub-groups will be communicated to all members. The steering group may request nominations by email from all members or appoint a member as sub-group chair themselves with the agreement of, or absence of any objection from, RWG members.

Term:

Sub-group chairs will serve until such time as the sub-group is disbanded or the sub-group chair resigns from the position.

Where a sub-group chair has to step down during the work, then for continuity they should ask an existing member of the sub-group to take over. If no one wants to take on the chair role full time, then they should promptly notify the Steering Group.

6.4 Sub-group members

Composition:

Sub-groups must be composed of at least three retailer members and three wholesaler members, unless the steering group agrees otherwise, and should represent a reasonable balance of relevant skills and experience.

Selection:

Following the formation of a sub-group or in the event that additional sub-group members are required, for example if a member withdraws from the group, nominations will be sought via email from all members. Sub-group members will be selected by the sub-group chair with the support of the RWG chairs as required. When seeking volunteers the sub-group chair will issue a high level project scope document. Prospective sub group members will be asked to submit a statement outlining their skills and experience relevant to the project. With the agreement of the RWG steering group it may be appropriate for the sub group chair to seek support from the RWG Steering Group or other stakeholders in undertaking the selection process.

Term:

Sub-group members will serve until such time as the sub-group is disbanded or the sub-group member withdraws from the sub-group.

6.5 RWG Steering Group

Composition:

The steering group will comprise the RWG chairs, vice chairs, a retailer member and a wholesaler member.

RWG Chairs may invite additional non-member organisations to have representation on the steering group on an ad hoc basis as deemed appropriate. The following stakeholders will have a standing invite to all steering group meetings: MOSL, Ofwat, CC Water, UK Water Retail Council and Water UK. Defra, the EA, Welsh Government and Natural Resources Wales will also be welcome to attend should they wish.

Selection:

The chairs will request nominations from all members. Members will vote for their respective steering group representative with voting ring fenced for retailer and wholesaler members for their respective chair. Each member organisation will get one vote.

Term:

Steering group members will serve a maximum term of two years from the date of their appointment. Steering group members can be re-appointed once with agreement of RWG members.

6.6 RWG Awards

The RWG will manage and issue two awards to recognise those people who have contributed to the success of the RWG and the market.

The main award named after the late Andrew Bamber (a former chair) is chosen by the market via a voting process managed by MOSL. The market is asked to pick their top 3 via a simple survey, with first place getting 5pts, 2nd 3pts and 3rd 1pt. Participants must always choose 3 people in order, can only vote once, and cannot vote for someone within their own organisation. Any votes not compliant with the rules will be discounted.

The 2nd award is chosen by the current RWG chairs, and they can issue up to 2 awards per calendar year.

The RWG Steering Group will oversee the awards to ensure fairness and in case of a tie make the final decision. The awards will be given out at an appropriate face to face meeting and will be supported by MOSL communications.

6.7 Organisation chart



7.0 Support provided by MOSL

MOSL will provide administrative support for the RWG. Details of these services will be documented and published on the RWG pages of the MOSL website. The support provided by MOSL will be agreed annually between the RWG Steering Group and MOSL.

8.0 Funding

8.1 Funding for RWG administration

The cost of any support provided by MOSL in accordance with Section 7 will be funded by MOSL. The funding and resource requirements for undertaking these activities will be assessed annually for the following year by the RWG Steering Group and MOSL in line with the timescales for the annual MOSL business plan.

8.2 Funding for specific projects

Where funding is required for specific RWG projects or sub-group activity this will be sought on a project by project basis from the MOSL market improvement fund or other funding routes that may be identified. Where funding for RWG projects is being sought then the application must first be approved by the RWG Chairs and it must be made clear on the application that funding is being sought on behalf of the RWG.

8.3 Procurement of additional services

The RWG chairs may procure the services of additional resources, paid or otherwise, as required to support the delivery of RWG activity subject to any required funding being available. Such additional resources will be managed by the RWG Chairs or any other person that the Chairs may nominate.

8.4 RWG Member participation costs

Member's participation in the activities of the RWG will be funded by the member's own organisation.

9.0 Links to other industry groups

The RWG will be given a standard slot on the MOSL User Forum agenda. This slot will be used to share RWG updates and information and invite input from User Forum attendees.

Typical content will include:

- Progress against the RWG programme plan
- Insight into individual projects
- Communication of upcoming changes to Good Practice Guidance
- Communication of upcoming code change proposals
- Visibility of the RWG project pipeline and any upcoming projects

The RWG will maintain close links to the MOSL Strategic User Forum, the Codes Panel, the UK water Retail Council and Water UK.

RWG may offer input and support into the activities or projects of other industry groups and stakeholders as appropriate for example where these stakeholders request input from an RWG sub group on a particular topic.

10.0 RWG meetings

RWG meetings will be organised by the RWG chairs and all eligible attendees will be invited by email. Details of upcoming meetings will be published on the RWG pages of the MOSL website. Meeting minutes will be distributed by the chair to all attendees following the meeting and once agreed copies will be made available to all members via the RWG pages of the MOSL website.

Group	Frequency of meetings	Purpose
Steering Group	Quarterly	To review and discuss the RWG programme of works and all other matters relating to the operation and governance of the RWG.
Sub-group Chairs	Quarterly	To provide updates on sub-group activities and ensure alignment between groups.
RWG main	Six Monthly	Provide updates on RWG activities to all members and as a forum to discuss RWG activities and priorities.
RWG sub-group meetings	As defined by Sub-group Chair	Provide the principal forum for the detailed development and progression of specific RWG projects.

11.0 Project identification, selection and prioritisation

11.1 New Projects

Candidate projects may come to the attention to the RWG through a number of routes including:

- Members
- Ofwat
- MOSL
- CCW
- User Forum / Strategic User forum

The RWG steering group will request that the proposer completes a high level project proposal template detailing the proposed scope, drivers and intended outputs.

All candidate projects will be collated by the RWG chairs and considered by the steering group as to whether the project is suitable to be progressed by the RWG with consideration of relevant factors including:

- The nature of the work and suitability to be led by RWG
- Whether the project deliverables align to the strategic direction of the market
- Likely complexity, cost and timescales
- The anticipated customer benefit
- Synergies or conflict with other RWG projects
- RWG capacity and the impact on overall delivery of the RWG programme of work

The steering group will seek the views of members and other stakeholders in helping to prioritise candidate projects.

Once the RWG steering group agree to the RWG undertaking a project they will initiate the formation of a RWG sub-group to deliver the project, or, identify an existing sub-group to deliver the project.

11.2 Follow on projects proposed by existing RWG Sub-group Chairs

If following the delivery of a sub-group project the Sub-group Chair wishes to commence a follow on project which has a different scope and deliverables to the current project then a new project proposal must be submit to the RWG Chairs. This new project will be considered and prioritised alongside all other candidate projects in line with the process set out in Section 11.1.

The RWG Chairs may choose to ask the existing Sub-group Chair to take responsibility for the new project or may seek to elect a new chair.

The sub-group chair will review the current sub-group membership to assess whether the members have the appropriate expertise in relation to the proposed project. They will then decide whether new membership nominations should be sought.

12.0 RWG outputs

As well as providing a platform for collaboration the RWG sub-group activity may result in a number of formal outputs including:

- Good practice guides
- Market code change proposals
- Customer information documents
- Other outputs including industry action plans, responses to Key Stakeholders and other communications on behalf of members

12.1 Good Practice Guides

Good Practice Guides are authored and maintained by RWG Sub-group Chairs. They provide industry good practice guidance in relation to particular areas of policy or practice in the market. They also provide, in one place, details of individual wholesaler or retailer approaches where these may differ from the good practice.

Good Practice does not mean an approach adopted by all but rather one which it is agreed by the majority of members provides the best outcomes for customers.

In developing a Good Practice Guide full and proper consideration should be given to any relevant laws or regulations that determine the way that members must carry out their activities. A Good Practice guide should not include, or must make it clear where it has included, a requirement that any member is legally or otherwise unreasonably able to adopt either fully or by providing an equivalent service.

It is expected that trading parties “should adopt” good practice to help develop a standard approach across the market.

All Good Practice Guides will include a version number and change history.

12.2 Market code change proposals

It may be appropriate to embed some or all elements of Good Practice into the main code documentation for example where an inconsistency of approach is having a material impact on the functioning of the market and the delivery of excellent customer outcomes.

Where this is deemed to be required a RWG member, acting as a trading party but on behalf of the RWG, must submit the code change proposal and the normal code change process will be followed. Where a change proposal is submitted by a member on behalf of the RWG the proposal must first be approved by the RWG Chairs and it must be made clear on the proposal form that it is being submitted on behalf of the RWG.

12.3 Other formal outputs

The RWG may undertake projects that result in industry level action plans, formal responses to Key Stakeholders or other communications in response to specific industry wide initiatives. These outputs will be considered and managed on a case by case basis. The Sub-group Chair and RWG Steering Group will consider on a case by case basis the appropriateness of these outputs being provided by the RWG.

Any supplementary guidance or other documentation produced to compliment a Good Practice Guide must be consistent with the content of that Good Practice Guide, be updated in line with the Good Practice Guide, reflect the non-mandatory nature of Good Practice Guidance and recognise any different approaches that may be adopted by individual trading parties. Any such documentation must include reference to the version of the Good Practice Guide to which it relates and all Good Practice Guides must include details of any associated supplementary documentation. The RWG Steering Group must approve the publication of any such supplementary documentation.

13.0 Consultation and change process

13.1 Good Practice Guides

RWG sub-groups must ensure that they fully engage all trading parties and provide the opportunity for all trading parties to consider and provide input in relation to any proposals for the creation of or material amendments to good practice guides.

To ensure consistency and inclusiveness consultations will be issued by MOSL on behalf of the RWG utilising the RWG distribution list as well as the distribution list used by MOSL in relation to code change consultations.

Following consultation RWG Sub-group Chairs must provide a report to all consultees summarising the consultation feedback and how it has been considered and to what extent the good practice guidance has been changed a result of the feedback received.

Following the publication of a good practice guide the relevant RWG sub-group will remain in place to ensure the ongoing maintenance and development of the good practice guide. Chairs will assign a Retailer and Wholesaler document owner.

13.2 Market code change proposal

Where outputs result in changes to the market codes or the creation or amendments to market code guidance documents the existing market code change process should be used. Formal consultation may need to take place as part of this process. It may be beneficial in helping to expedite any change being proposed by the RWG for the relevant sub-group to conduct full consultation with RWG members prior to submitting the code change proposal and being able to demonstrate to the Market Codes Panel that full consultation has taken place by including details of:

- Summary of key concerns raised by trading parties
- Action taken to address concerns raised
- Details of any concerns that were raised but have not been addressed and the reasons why

13.3 Other formal outputs

RWG sub-groups must ensure that they fully engage all trading parties and provide the opportunity for all trading parties to consider and provide input in relation to any formal outputs.

To ensure consistency and inclusiveness consultations will be issued by MOSL on behalf of the RWG utilising the RWG distribution list in addition to the same distribution list used by MOSL in relation to code change consultations.

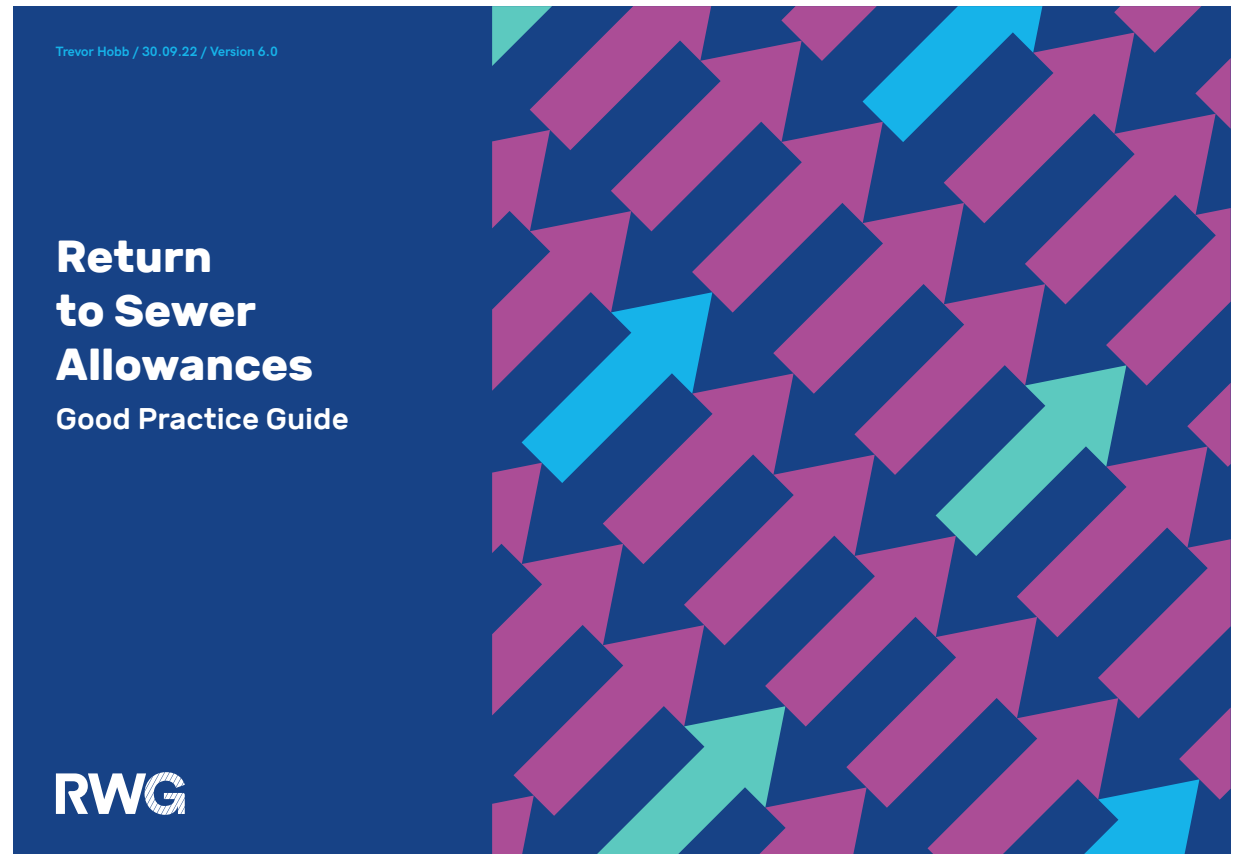
Following consultation RWG Sub-group Chairs must provide a report to all consultees summarising the consultation feedback and how it has been considered and to what extent if at all the intended output has been changed a result of the feedback received.

14.0 Adoption of good practice guidance

Members are required to publish on their websites a table setting out where they are (or not) adopting RWG Good Practice guidance. This should clearly set out where good practice guidance is not being adopted, the approach that the trading party has adopted and the reasons why.

A summary of trading party adoption of Good Practice Guides will be published on the RWG pages of the MOSL website.

Individual Good Practice Guides will include a summary table detailing where each trading party is and isn't aligned and details of any alternative approaches adopted.



15.0 Communication

Methods of communication:

The RWG groups and sub-groups will communicate primarily by email.

Distribution lists:

RWG distribution lists will be maintained by MOSL with the option for trading parties to opt in and out of RWG communication at any time. Distribution lists will be set up for the following:

- Consultations – Note: The same distribution list will be used as for code change consultations
- RWG member communications – Note: all registered trading party Contract Managers will automatically be included with the option to opt out

Programme of works:

RWG will ensure visibility via the MOSL website of:

- RWG projects and sub-group project scope documents
- Sub-group progress reports / updates
- Main RWG group, steering group and sub-group chair meeting minutes
- Dates of key events, meetings and consultations
- Good practice documents
- RWG Terms of reference and governance documentation
- Key contact details
- Groups and membership details
- Consultation and project documents and templates

Annual Report:

Following the end of the last financial year (ending 31 March) the RWG Chairs will produce an annual report detailing:

- RWG programme of work
- Progress in the last twelve months
- Key achievements and benefits delivered
- Look ahead for the following twelve months

The report will be issued to all members and key stakeholders and any other parties as deemed appropriate by the RWG Chairs.

16.0 Review of Governance Framework

This Governance Framework will be reviewed by the RWG Chairs annually or sooner as agreed by the RWG Steering Group. Members will be consulted on any changes deemed by the RWG Steering Group to be material in nature.

Any member can propose to the RWG Chairs a change to this governance framework at any time.