

## Strategic Panel Meeting 15a - Headline Report

This Headline Report provides a summary of the main points, including key decisions, from the Strategic Panel meeting held via MS Teams on **09 September 2024**.

### 1. Welcome, Apologies for Absence and Declarations of Interest

- Apologies for absence were received from Michael Charlton (Defra Affiliate Member).
- The meeting was declared quorate. No conflicts of interest were declared and it was noted that one previously declared potential conflict of interest had now come to an end.

### 2. Flourishing Market Roadmap Update

- The Panel noted the feedback from the consultation on the draft Roadmap to a Flourishing Market and a revised draft of the Roadmap which incorporated and responded to the feedback received. The consultation response had indicated that there was general support for the roadmap but drew out specific concerns. The most prominent concerns raised were in relation to the Retail Exit Code (REC), water security, and the need for market simplification.
- The Panel discussed the revised draft of the Roadmap and the responses received to the consultation. In addition to some specific revisions, the Panel requested that:
  - more of the feedback received during the consultation be pulled into the body of the Roadmap, to provide greater transparency on how the feedback received had been incorporated;
  - the Roadmap be amended to more clearly reflect the strong feedback received from some stakeholders around the need for a further review of the REC, while also noting the need for this to be balanced against the necessity of continuing customer protections and Ofwat's clear position on the conditions required to relax REC price caps and that the Roadmap was trying to set a path to create those conditions but did not represent any kind of offer or commitment from Ofwat.
- The Panel:
  - **AGREED** that the amendments to the Roadmap discussed should be incorporated into a revised draft and agreed by the Subset before a final draft was circulated to the Panel as a whole for approval on an ex-committee basis; and
  - **AGREED** that Jo Dow would join the Roadmap to a Flourishing Market Subset.

### 3. Early Input on MOSL Business Planning

- The Panel considered the areas where it would look to have the greatest impact in the coming years, particularly in light of the actions set in the Roadmap and discussed the kind of support

it would require to deliver on behalf of customers and the market. The Panel outlined indicative areas where additional support might be required but noted that ultimately these desires would need to be balanced against affordability for the market at a time when resources were under pressure.

#### 4. Trading Party Performance Escalation

- The Panel received an update on the engagement with a Trading Party who had originally been escalated for the Panel’s review by the Market Performance Committee in February 2024 and further reviewed at an ad hoc meeting in June, noting that the Chair had met with senior leaders at the Trading Party in line with the agreed action at the June meeting and that further updates on the Trading Party’s performance against its revised plan would be provided in due course.

#### 5. Ofwat Governance Review

- The Panel welcomed an overview of the findings of Ofwat’s assessment of the impact of changes made to the market governance arrangements since the publication of the RISE Review in 2020 as set out in its [Ripples of Change Report](#).
- The Panel:
  - **AGREED** the recommendations specifically made relating to its activity would be taken forward by the Secretariat and regular updates on progress should be provided.

#### 6. Water Efficiency Report to Government

- The Panel welcomed an update on the draft Water Efficiency Report that was intended to be submitted for the new Minister for Water and Flooding in early October.
- The Panel discussed the draft report and proposed amendments to include greater clarity around specific areas of action for government and actions that were within Ofwat’s remit.
- The Panel:
  - **AGREED** that the amendments to the Water Efficiency Report discussed should be incorporated into a revised draft and agreed by the Subset before a final draft was circulated to the Panel as a whole for approval on an ex-committee basis.

## 7. Performance Assurance Committee Chair and Independent Member Appointments

- The Panel considered the recommendations made by the Performance Assurance Committee (PAC) Nominations Committee in relation to the appointment of the PAC Chair and Independent members.
- The Panel:
  - **AGREED** to approve the recommendations made by the PAC Nominations Committee and to appoint the Independent Chair and Independent Members for the Performance Assurance Committee.

## 8. Market Improvement Fund Project Impact Assessment

- The Panel welcomed an update on a review of the impact of Market Improvement Fund projects that had been undertaken, noting a strong desire to continue and refine the assessment process and to seek greater alignment between MIF projects and the Panel's Roadmap to a Flourishing Market and other priorities going forward.

## 9. Market Improvement Fund Proposals for Round 4 and Beyond

- The Panel noted and discussed proposed amendments to the governance of the MIF and specific proposals relating to the launch of Round 4.
- In relation to proposed amendments to the governance of the MIF, the Panel:
  - **AGREED** funding rounds should be held annually, subject to Strategic Panel approval with the Panel retaining the ability to 'defer' a year if considered appropriate.
  - **AGREED** that the Panel should consider thematic areas which could be encouraged for bids each funding round.
  - **AGREED** that funding for the MIF for each financial year should be agreed by the Panel in Q3 of the preceding financial year, to provide early sight and that the bidding window should take place in Q4 of the financial year which is funding the round.
  - **AGREED** that proposals around the selection of winning bids should be brought back to the Panel establishing a Panel member-led group to undertake the selection process, noting that this group could include members who were not Strategic Panel members.
  - **AGREED** that the MOSL support team should investigate the ability of funds not spent in either the first or second phase of funding in any given year to be rolled over into subsequent years and any code changes that would be required to facilitate this and bring recommendations on this to the Panel for review and decision.

- **AGREED** that the funding value (initial funding and secondary) and maximum bid value available to be agreed by the Panel for each round. This will be subject to sufficient funds collected, which would be confirmed by MOSL in advance of the bidding window opening.
- **AGREED** that MOSL should propose any additional support costs to the Panel for approval in advance (to be paid from the total fund allowance).
- In relation to Round 4 of the MIF, the Panel:
  - **AGREED** total funding available of £1,550k - £1,000k for the initial round, £500k for the second stage and £50k for support costs.
  - **AGREED** a maximum bid of £200k for initial round, and 50% of the initial bid (up to £100k) for second stage.
  - **AGREED** a bidding window within February 2025 (with exact dates to be decided by MOSL team).

## 10. Granular Data Sharing Mechanism Progress Update

- The Panel welcomed an update on the progress being made in relation to the identification of a granular consumption data sharing mechanism for the market, which was one of the key actions arising from the National Metering Strategy. The Panel noted that it was expected that draft proposals would be presented for approval in November ahead of a period of consultation and that final proposals were expected to be presented for approval before the end of the financial year.

## 11. Regular Reports

- The Panel noted its regular update reports, including the Customer Radar Report from CCW, the Committee Progress Reports, the Disputes Committee Annual Report, Workstream Sponsor Progress Reports and the update on the progress of the National Metering Strategy.

## 12. AOB

- The Panel noted an update on the agenda for its Open Forum, to be held on Monday, 23 September.