

The logo for MOSL, featuring the letters 'MOSL' in a bold, white, sans-serif font. A small white water drop icon is positioned below the letter 'O'. The logo is set against a dark blue background.

MOSL

A stylized illustration of a man with dark skin, curly hair, and glasses, wearing a blue shirt. He is holding a document titled 'Your water bill'. The background consists of geometric shapes in shades of blue and light blue.

MPF Reform Part A – Governance webinar

Watch the recording [here](#).

27 March 2024

About this webinar

The Contract Manager Planning update on 27 March 2024 included updates from the Bilaterals programme and Market Performance Framework (MPF) programme.

Slides are available [here for Bilaterals](#) (login required) and [here for MPF](#).

As part of the session, the MPF team hosted a 'webinar' to explain the code changes being proposed for the delivery of the first component of the MPF programme: Part A – Governance.

[A pre-reading document](#) was provided ahead of the webinar. The team will be hosting webinars for Parts B to E, dates for which are provided on the next slide.

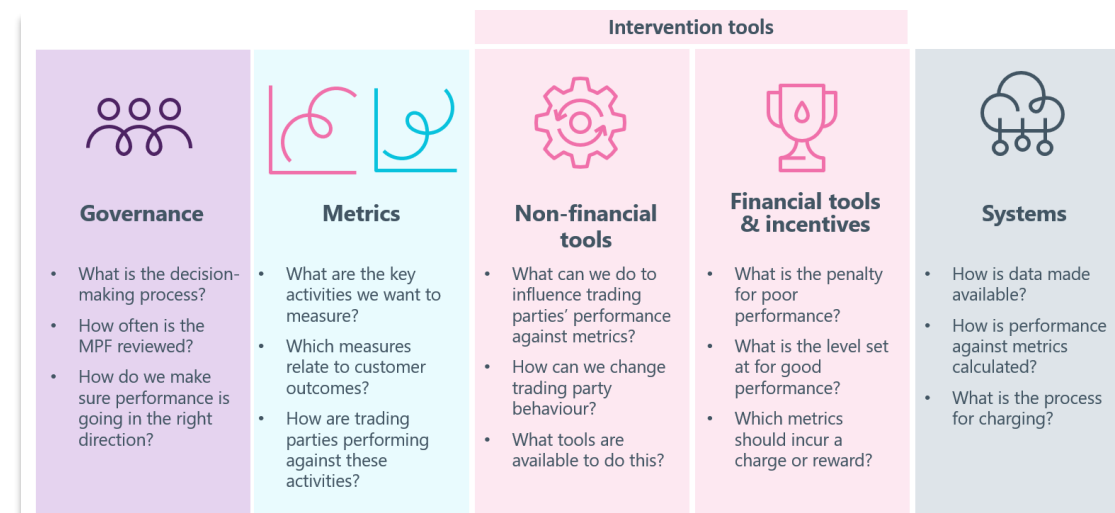
Purpose

This session

- First of series of webinars covering each Part of the MPF reform programme (A-E)
- Proposed solution and code changes for Governance (Part A)

Future sessions:

- 24 April: **Part B** - Non-financial tools
- 31 July: **Part C** - Metrics: Key Performance Indicators
- 28 Aug: **Part D** - Financial tools
- Date TBC: **Part E** - Market indicators & additional metrics



Governance engagement

Consultation:

- Participation good. Well received

Since Consultation 3:

- MOSL SME and PAG workshops: 100s of contact hours
- Governance roles and responsibilities
- Proposed Performance Assurance Committee (PAC) membership
- Operation, maintenance and flexing MPF in line with Performance Periods

Published

- Market code drafting and release notes
- Covering Part A - Governance summary document



Recap: Consultation 3 - Governance (Part A)

Decision making			Performance Period deliverables	
G1	MOSL	Operational	Market Performance Review Report	Once in the performance period
G2	Performance Assurance Committee (PAC)*	Operational and tactical (e.g. changes to KPIs)	Risks and Issues Tracker	Annual
G3	Strategic Panel	Strategic	Statement of Approach	Annual
G4	Ofwat	Strategic and contractual (i.e. Code Changes)		



- Performance Assurance Committee (PAC) to replace Market Performance Committee (MPC)
- New multi-year 'Performance Periods' with defined deliverables
- Allows flexibility, but with maximum notice of future change
- KPIs require code changes – any changes implemented in next performance period
- Non-financial metrics do not - any changes implemented next financial year

Decision making

- Proposed MPF model at Consultation 3: four levels of governance
- Strategic decisions:
 - Including code changes stay within Ofwat’s purview
 - Panel has strategic oversight of the PAC
- PAC and MOSL more operational
- PAC composition:
 - 1 Independent Chair (voting, with a casting vote)
 - 1 Customer Representative (voting)
 - 2 Independent members (voting)
 - 3 Retailers (voting)
 - 3 Wholesalers (voting)
 - 1 Ofwat representative (non-voting)
 - 1 Market Operator representative (non-voting)

As per Consultation 3:

Decision making		
G1	MOSL	Operational
G2	Performance Assurance Committee (PAC)*	Operational and tactical (e.g. changes to KPIs)
G3	Strategic Panel	Strategic
G4	Ofwat	Strategic and contractual (i.e. Code Changes)

Performance periods and reporting

- Concept of Performance Periods
- Review of KPIs, intervention tools, risks and issues
- More flex on additional metrics and market metrics

As per Consultation 3:

Performance Period deliverables	
Market Performance Review Report	Once in the performance period
Risks and Issues Tracker	Annual
Statement of Approach	Annual

Code drafting proposal

Code documents

- Market Arrangements Code (MAC)
- CSD 0002 (Market Performance Framework)
- Schedule 1, Part 1: Objectives, Principles & Definitions
- Schedule 1, Part 2: Business Terms
- Schedule 1, Part 4: Market Terms



Code drafting proposal

Content changes

- Enabling code for MPC -> PAC transition
- Enabling new reports
 - Including update of Panel's role in feeding into reports
- Clarification of auditor and market operator auditor roles
- Definitions, i.e:
 - MPC -> PAC
 - Auditor, market operator auditor
 - New reports
- Housekeeping

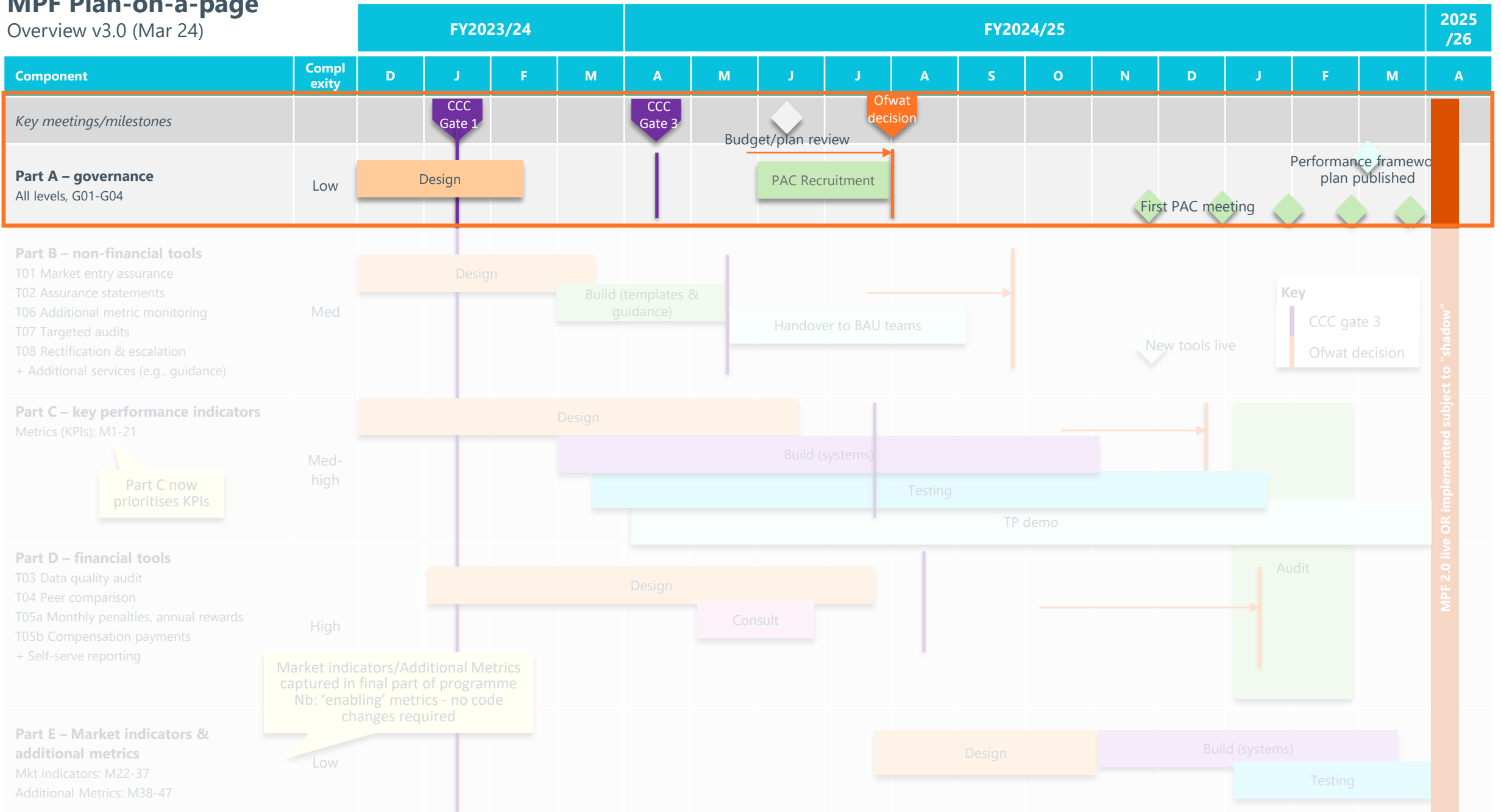


Summary of how Governance has evolved since Consultation 3

Section	Description
Performance periods and related activities	<ul style="list-style-type: none">• Simplify Performance Period Report (start of year) and Performance Framework Plan (end of year) to one report - a 'Market Performance Review' report• Performance period does not need to become a defined concept in the code• Risk and Issues Tracker and Statement of Approach will be refreshed each year
Composition of Performance Assurance Committee (PAC)	<ul style="list-style-type: none">• PAC composition (set out in Code)• Independent Chair• Broaden trading party expertise with more members• Strategic Panel: Reduce risk of TPs-only carrying the vote (Nb: where Retailer & Wholesaler PAC Members solely form the majority of votes, this will be considered as a tied vote and the PAC Chair shall have the casting vote)

MPF Plan-on-a-page

Overview v3.0 (Mar 24)



Next steps

- Code Change Committee 9 April
- PAC recruitment June/July
- Estimated Ofwat approval August
- First PAC meeting November
- Next update + MPF Part B – Non-financial tools webinar 24 April

Next Planning Update + Part B Webinar



Wednesday
24 April
2pm-3:30pm

Contacts and useful links

- Questions about the MPF Reform programme? Email mpfreform@mosl.co.uk.
- Updates about the programme? Ensure you are signed up to [MOSL mailing list](#)
- More information about the programme is available on [the MOSL website](#)
- Consultation 3 pre-read documents including Governance: [link](#)
- Proposed code drafting to deliver MPF Part A: Governance: [link](#)
- Code drafting release notes: [link](#)



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**Thank you.
Questions?**

