

Minutes of the Performance Advisory Group 02

29 June 2022 – 10:00 to 12:00

MEMBERS PRESENT

Chris Dawson	CD	PAG Chair (MOSL)	Adam Boyns	AB	CCW
Andrew Smith	AS	Castle Water	David Morris	DM	Waterplus
Emily Jerrome	EJ	Water2Business	John Fuller	JF	Wessex Water
Kate Russell	KR	Yorkshire Water	Michael Rathbone	MR	Severn Trent
Richard Varley	RV	South West Water	Trevor Nelson	TN	Business Stream
Wendy Monk	WM	Wave			

OTHER ATTENDEES

Nicola Balfour	NB	Veolia	Sam Dawson	SD	Portsmouth Water
Georgina Mills	GM	Ofwat	James Higgins	JH	MOSL (Presenter)
Steve Formoy	SF	MOSL (Presenter)	Matt Labrum	ML	MOSL (Presenter)
Ben Gough	BG	(Presenter)	Markus Lloyd	MLL	MOSL (Presenter)
Adam Richardson	AR	MOSL	Evan Joanette	EVJ	MOSL
John Gilbert	JG	MOSL	Jacqueline Gibson	JAG	MOSL
Samantha Webb	SM	MOSL	Helen Fryer	HF	MOSL (Minutes)

APOLOGIES

Sarah Scott	SS	Veolia	Claire Yeates	CY	Waterscan
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ACTIONS FROM MEETING(S)

NO	Action required	Action by	Action Date
02/01	Risk and Issues Tracker to be updated and sent to members for endorsement	SF	30/06/22
02/02	Members are to confirm endorsement of Risk and Issues Tracker	PAG	06/07/22
02/03	A version Control Log needs to be implemented for the Risk and Issues Tracker	SF	20/07/22
02/04	Look to set in place a communication method for PAG members i.e., SharePoint, shared files, Teams	MOSL	20/07/22
01/04	Ensure customers have an opportunity to engage in consultations as the MPF programme progresses (consultations currently anticipated to begin in late September)	AR	14/09/22

1 Welcome and Actions from previous meeting

1.1 The Chair welcomed attendees to the meeting and introductions took place.

1.2 Actions:

- 01/01 – Terms of Reference - Core membership to be amended to reflect the role of CCW on the Performance Advisory Group – **Closed**
- 01/02 – Risks and Issues Tracker – Review to establish if any issues are specifically regional/trading party issues only and highlight on one-page summary - **Closed**
- 01/03 – Risk and Issues Tracker – Ensure the difference between a mitigation and an intervention clear on the template - **Closed**

- 01/04 - Ensure customers have an opportunity to engage in consultations as the MPF programme progresses (consultations currently anticipated to begin in late September) – JG presented at Self Supply Forum and engaged directly with customers to encourage participation when the MPF consultation takes place - **Ongoing**

2 Overview of PAG website

- 2.1 JH provided members with an overview of the PAG website outlining all the information that is available to access

3 ENDORSE – Risk and Issues Tracker

- 3.1 SF thanked members for feedback received. With PAG members previously pre-reading the tracker, SF advised that he would be focusing on the comments received and MOSL’s draft response.

The following points were raised and **NOTED**:

- TN referred to WM’s feedback and pointed out that trading parties, have been fighting problems for 5 years with the market therefore, in the first instance a risk tracker isn’t really required, it’s a ‘gut’ feel. Going forward a ‘sense check’ is needed to ensure that the Top 10 issues reflect the correct poor outcomes. SF responded stating that judgement is needed on the scoring, we won’t get precise data on all items, the focus is on how this is going to be used for the MPF overall. JG added that the purpose of the tracker is to give transparency to all, it’s important to have a mechanism in place for sharing. TN concluded that hopefully done well, and with all the other initiatives planned, it will migrate away from current issues and water risks and start to prevent issues from happening
- WM asked for clarity regarding VC007 ranking. SF apologised, there looked to be an error

- TN questioned CSE021 (retailer managing Customer Complaints) stating that the emphasis is placed on the retailer, is this about managing a complaint or general dissatisfaction in the market, clarification is required. SF replied that a key function of the retailer is to guide and resolve any customers issues through to resolution whatever the cause. Retailers are also responsible for managing customer relationships, so this is important. Whether this is part of the MPF is for debate in the next phase The language used in defining this risk needs to be reviewed. SF agreed to refine the wording and reiterated that the tracker was produced to try and flag areas of focus that should be considered by the MPF and highlight important activities that need to be high up in the thinking, it's not binary
- MR said that having been refined following feedback, it would be useful to see how the tracker priority list stands having gone through this process before endorsing although broadly comfortable. Also, we need to ensure that changes are recorded. SF acknowledged that we would need to make sure the tracker is version controlled and advised that consideration of the governance for maintenance of the enduring tracker would be addressed in the 'governance' workstream (*Action: 02/03*)
- WM agreed that it would be useful to see the Top 10 following this exercise and will reserve judgement until available. WM also questioned what happens to those risk and issues on the tracker that are clearly not appropriate to be mitigated by an MPF. SF advised that there are a lot of good uses for this tracker other than MPF, we will be looking for other ways to use this information for example, engage with the Strategic Panel in terms of looking at their outcomes/priorities etc. and how does it influence MOSL's Business Plan etc.
- EJ said that the endorsement process isn't referenced in the Terms of Reference and agrees with MR that she would like to see the tracker once the refinements have been made before

endorsing. The Chair advised that there is no formal mechanism for decision making as this was not technically a decision-making group. When considering PAG endorsement of any programme deliverable abstains/issues/opposing opinions would be noted as to the reasons why. The idea is to obtain an indication of the group's consensus and an overall opinion to endorse.

3.2 ML updated the meeting with regards to two points that were raised earlier:

- (TN) Top 10 'sense check' – Currently covering consumption accuracy; data quality; retailer margin; customer service; wholesale/retail; customer awareness & vacancy which in ML opinion, covers the key issues at present
- (WM) Tracker prioritisation - An issue with regards to prioritisation had occurred which will be rectified before being re-issued. *SF subsequently updated the meeting that there was only one error relating to 'supply of last resort' everything else was correct*

3.3 The Chair reiterated that this is an ongoing and evolving tracker.

- TN interjected that this was a dynamic risk tracker, and it would be good to understand the governance. At some point, it has got to have another oversight.
- JG explained MOSL are trying to develop 3 workstreams in parallel which is always difficult. The tracker is one component that will feed into defining the scope and focus of the MPF. The process and the governance are separate workstreams which have started to be worked on. With members' help, MOSL are looking for this one component to be endorsed 'fit for purpose'. The process and governance will be brought back to the PAG later.

JG asked ML to update the tracker before the end of this meeting and present back to members to provide confidence around endorsing.

3.4 ML re-presented the revised risk and issue tracker highlighting the Top 10 following the review he carried out during the meeting.

3.5 The Chair asked members if they felt able to endorse the Risk and Issue Tracker having seen the revised version. The following points were raised and **NOTED**:

- MR requested a day or so before endorsing
- EJ would like to see the wording amended as discussed before endorsing

The Chair **proposed** that the Risk and Issues Tracker would be updated fully and sent to members to review outside of this meeting by close of business on Thursday 30 June. (*Action 02/01*)

Members were asked to **confirm endorsement** by **close of business on Tuesday 5 July** by email, nil responses will be assumed as endorsement – **AGREED** (*Action 02/02*)

4 INTRODUCTION – Activities that support Market Outcomes

4.1 The Chair introduced Ben Gough from PwC

4.2 BG explained that the purpose of this session was to introduce the activities work being developed under the MPF ‘components’ workstream 1B to help support Phase 1. At the end of this phase, we will have:

- A scope of the MPF – defined by risks (Workstream 1A) and activities (Workstream 1B)
- A set of intervention tools (Workstream 1B)
- A set of processes (Workstream 2)
- Governance process (Workstream 3)

4.3 The following point was raised and **NOTED**:

- TN agreed with the principle but questioned if an activity was always an actual thing that works directly toward an objective and market outcome or is it a proxy for something which might ultimately impact the market outcome? BG replied that it was a necessary condition/enabler for that objective/outcome. A discussion took place around the example provided on the presentation. AR agreed that TN has made a good point and some of the aspects TN has raised probably appear in some of the other market outcomes particularly around great service where it was possible that judgment would need to be applied to capture market activities that may indirectly impact outcomes (e.g., customer service). We will need to make sure is clear throughout the activities how it links together

BG concluded. When we talk about the rationale, the step from an objective to an activity needs to be very clear how the activity will achieve the objective, why it enables that objective to happen and the assumptions that underpin that. Rationale has been produced for the links. The activities are fundamental to the MPF so if there is a sense that the activity isn't right, it doesn't reflect the reality in terms of how the market functions effectively

5 INTRODUCTION – Activities linked to Risks and Outcomes

- 5.1 ML explained how the first step in considering the activities linked to risks and outcomes is to understand how the risks relate to the activities. BG had defined what the activity is (the action to achieve the market outcome) and SF had explained the risks (current issues, how they are developed and how they are scored in relation to the market outcomes). The purpose of this item on the agenda was to share the process by which MOSL have aligned the risks and issues with the activities.

5.2 The following point was raised and **NOTED**:

- EJ asked where the linked dependencies could be found. MLL explained that in some areas you will see an activity may share several risks, if there is an activity that only mitigates one risk, that sits alone in isolation

6 Rationale behind review of Natural & Regulatory Incentives

6.1 BG advised that the review of natural and regulatory incentives will formally be introduced at the 20 July PAG meeting with endorsement set for 3 August PAG meeting

6.2 The following point was raised and **NOTED**:

- TN pointed out various examples whereby multiple relationships exist in a competitive and complex market and that it was important to make sure that all trading parties are doing the right thing for the market and each other. For example, activities undertaken by a clean water retailer may also impact waste-water retailers
- AR replied that the programme will give some thought to this when considering incentives. It might also be that these sorts of interactions are picked up in the articulation of activities and MOSL will take this into account before the list of activities are circulated to the group. BG added that the activities should capture that participant's need to do for the market to function effectively, not for any one retailer to perform well at the expense of another

7 Any Other Business

7.1 The Chair asked members to confirm that a recording of this meeting can be sent to Claire Yeates.

- GM requested that once CY has viewed the recording confirmation of the video having been deleted is required

PAG members **AGREED**

- 7.2 JF raised CY point relating to how members can chat and communicate going forward – SharePoint, shared files, Teams being set up? The Chair advised discussions had recently started taking place internally at MOSL regarding this and would be on the agenda for next meeting (*Action: 02/04*)
- 7.3 The Chair outlined the Agenda Items for PAG’s 3, 4 and 5 and advised that Evan Joanette will Chair PAG04 in his absence
- 7.4 The Chair closed the meeting thanking everyone for their attendance