

Minutes of the Performance Advisory Group 13 (Workshop)

7 December 2022 – 09:00 to 13:00

MEMBERS PRESENT

Chris Dawson	CD	MOSL (Chair)	Adam Boyns	AB	CCW
Michael Rathbone	MR	Severn Trent	Kate Russell	KR	Yorkshire Water
Jamie Davies	JD	Castle Water	Richard Varley	RV	Southwest Water
Wendy Monk	WM	Wave	David Morris	DM	Waterplus
Trevor Nelson	TN	Business Stream	Sarah Scott	SS	Veolia
James Higgins	JH	MOSL	Neil Pendle	NP	Waterscan

OTHER ATTENDEES

Janet Judge	JJ	MOSL	Evan Joanette	EJo	MOSL
Georgina Mills	GN	Ofwat	Adam Richardson	AR	MOSL
Axelle Saada	AS	MOSL	Steve Formoy	SF	MOSL
Lisa-Ann Lott	LAL	MOSL (Notes)	Shaun Kent	SK	Ofwat

APOLOGIES

Andrew Smith	AS	Castle Water	Claire Yeates	CY	Waterscan
Emily Jerrome	EJ	Water2Business	Jon Fuller	JF	Wessex Water
Elena Vaccarino	EV	PwC	Ben Gough	BG	PwC
John Gilbert	JG	MOSL			

ACTIONS FROM MEETING(S)

NO	Action required	Action by	Action Date
13/01	MOSL to revert to the PAG with the list of risks, whose responsibility will fall outside of the MPF and therefore will need to be reviewed.	MOSL	26/01/2023
13/02	GM requested code requirements are checked to ensure covered by the revised activity description on CV.3/UWE.3	JJ	26/01/2023
13/03	MOSL to review and reprioritise activities based on consultation feedback and PAG discussion.	AS/JJ	26/01/2023
13/04	AS to update templates with clear instructions and reorientate the template as above.	AS	26/01/2023

1	Welcome
	<p>The Chair welcomed attendees to the meeting, noted apologies and confirmed the agenda.</p> <p>Chair invited GM to share with the PAG why Shaun Kent was also in attendance and introduce Shaun to members.</p> <p>GM confirmed shortly to go on sabbatical and Shaun will be taking on her responsibilities and therefore will be attending PAG as Ofwat's representative.</p> <p>Chair invited Shaun to introduce himself to members.</p> <p>Chair confirmed outstanding actions to be closed following PAG13 as majority covered by the pre-read and agenda.</p> <p>Chair confirmed forward view with second consultation now planned for towards end of February.</p>
2	Review consultation feedback (Activities only)
	<p>JH presented the high-level summary of the consultation responses, question by question.</p> <p>JH confirmed consultation ran until 11 November and feedback includes verbal responses as well as written responses.</p> <p>JH further confirmed responses will be published in full as no resposdee requested redactions.</p>

31 respondents (including verbal responses only) in total of which 15 Wholesalers, 9 Retailers and 7 Others including Ofwat and CMA Scotland.

Question 1

JH noted majority of respondents believe activities list is complete and this reflects on the work undertaken by the PAG prior to the consultation.

DM enquired if activities outside of existing scope of MPF was a fringe comment or made by several trading parties. AS confirmed 2 or 3 noted the same.

Question 2,

JH noted headlines were majority of respondents believed the list of risk and issues was complete and clearly formulated. A small number queried whether the right severity had been attributed and highlighted some market wide risks cannot be mitigated by MOSL and should be the responsibility of Strategic Panel and/or Ofwat.

JH noted common theme across responses to all questions to ensure clear ongoing review of MPF to support risks and issues.

Question 3,

General feedback that Activities have been mapped correctly to risks and issues however a number of points around relative ranking had been noted.

NP enquired how issues that should be excluded from the MPF will be incorporated into discussion.

Chair noted this discussion will likely fall in the New Year (2023).

TN highlighted that should an activity not be included within the MPF it does not mean the risk no longer exists and time should be given to assess who should then deal with that risk.

MOSL to revert to the PAG with the list of risks, whose responsibility will fall outside of the MPF and therefore will need to be reviewed.

Question 4,

JH noted this question attracted the lowest amount of feedback which reflected respondents feeling risk & issues mapped correctly.

Question 5,

JH highlighted this question had received the most feedback with around half of respondents believing the prioritisation of all the activities is right. Other respondents provided feedback relating to specific activities and how they could be reprioritised.

The differences in Retailer and Wholesaler responses were highlighted to the PAG and members noted this would be because Retailers may have a natural incentive to complete certain activities otherwise they would not be paid whereas Wholesalers may be paid regardless.

GM noted CV.9 and the feedback from on prioritising it and that it may be too low on list of priorities and should be included in MPF or BR-MeX.

Ejo noted CV.9 currently covered by OPS measures however GM further noted this relates to timeliness and does not account for quality of data and therefore should be included within an MPF regarding the quality matters.

EJo noted OPS measures have been made more relevant and fulsome to take account of quality of data as well as timeliness.

JF noted the challenge of measuring the timeliness of requests when both a Wholesaler and Retailer are involved as both can influence the timeframes and affect the customer outcome.

TN noted the need to sense check the methodology once a condensed manageable list of activities has emerged.

SF acknowledged PAG feedback and reiterated the need for a sense check once prioritised list of activities created.

Question 6,

All respondents except one believe intervention types are complete.

Summary

Chair reiterated full responses will be published.

AS ran through detailed feedback on activities and the changes proposed to those as a result.

AS noted actionable feedback considered to be an item with a specific proposal for changes as opposed to general comment style feedback.

AS confirmed new activity to be added labelled as GS.10

GS.10 relates to market participants supporting customers during unplanned events which was raised by a number of parties in their responses.

AS ran through amendments to other activities drawn out, CV.1, CV.3/UWE.3, CV.7, CV.9, CV.18

GM requested code requirements are checked to ensure covered by the revised activity description on CV.3/UWE.3

TN confirmed Ofwat's guidance indicates Retailers are responsible to ensure they are not providing services to an ineligible supply point.

Further activities updated included UWE.1, UWE.4 and GS.1

JJ ran through feedback on the prioritised activities relating to question 5 of the consultation.

JJ highlighted a number of Retailer responses indicated activities they felt should not be included in the MPF, 1 Retailer listed seven activities, a 2nd Retailer listed three and a 3rd Retailer listed three so between those responses nine activities have been identified as potentially not for inclusion in the MPF.

TN noted MOSL's role is determined by the Market Codes and should not be required to monitor performance outside of those areas unless Ofwat redefines MOSL's remit. TN further noted potential additional regulation being brought into the market via the MPF and should not be MOSL's responsibility.

SF noted dependent on interventions and metrics determined as currently holistic reporting being used for customer complaints and could therefore be utilised as per the current method via the MPC and be investigated. It does not mean enforcement via MOSL or relate to a specific piece of code could be a broader approach and could be considered as part of a future MPF.

TN noted future MPF should solely relate to performance issues e.g., customer complaints can be addressed by CCW, and regulatory concerns can be covered by Ofwat. A good performance regime is required however not all market operations should be included and the responsibility of MOSL. MPF should be more limited in its scope to begin with.

DM agreed with TN's comments however noted degree of subjectivity will be required in assessing items and therefore may fall to Ofwat rather than MOSL as a third party/intermediary.

AB broadly agreed with DM & TN, important activities however not necessarily for MPF and MOSL to cover and need to ensure with appropriate body e.g., Ofwat may need to update codes of practice to cover any shortfall.

GM noted at outset of programme desire to use a 'blank sheet of paper' approach to what is effective for the market and produces good customer outcomes. GM noted reliance on Ofwat enforcement is a 'clunky' method of driving correct behaviors and therefore not sufficient to incentivise trading party performance and prevents extreme situations developing.

JF noted existing legislation covers the activities being reviewed and the need to consider whether it's appropriate for inclusion in the MPF as a high-level, holistic view of compliance with the Market Codes and therefore an audit activity.

NP noted TN's comments and added the need to look at the purpose of the MPF, noting if an activity is within the scope of the MPF for MOSL it's identifiable as a metric and the PAG need to be reviewing it, further noting the framework contains a comprehensive view of the market and the work completed thus far should not be lost.

NP highlighted need to clearly identify who is responsible for enforcement and who is the responsible authority when reviewing the metrics and incentives which will enable a view of the correct items for inclusion in the MPF.

EJo noted the comments of members and elaborated on feedback received to the consultation regarding concerns over extension of regulation and MOSL's remit.

TN noted the need to ensure no double counting e.g., in MPF and PR24 and to recognise the natural incentives to be protected.

AR noted the feedback from members and summed up; we have identified a set of market activities which describe the market in totality and these activities mitigate market risks. Some of the activities are outside the scope of the existing market codes and therefore outside the scope of the current MPF. Need to ensure if the activities are set out and detailed in other documentation e.g., customer code of practice and how they are policed, who is policing them and at what level. Likelihood of a graded framework to be created taking into account the different levels of interventions and enforcements available.

Chair asked members, following the discussion, whether the activities discussed (CV.4 & GS.1) should be included in the future MPF.

The majority of PAG members agreed (1 member disagreed and would include the activities) the activities discussed and raised by Retailers in their consultation feedback should be excluded from the future MPF however work undertaken to review them should be retained for future review.

MOSL to review and reprioritise activities based on consultation feedback and PAG discussion.

Chair confirmed PAG will be asked to review only 11 activities prior to PAG14 in late January which will be issued w/c 19 December for feedback by 18 January 2023.

3	Workshop session
	<p>Chair ran through intention of the workshop session: -</p> <p>Review 4 activity templates and seek endorsement of methodology.</p> <p>Activity UWE.4 RV generally agreed with cost RAG ratings however noted possibly peer comparison and publishing individual performance could be amalgamated into one.</p> <p>GM enquired if key available for colour codes and clear descriptors for each. AS confirmed simply looking at the deployment cost of the metric e.g., cost of auditing or publishing data. AS noted descriptions of RAG rating in previous set of slides: Green, low costs, yellow, moderate costs, orange medium costs, red material costs such as change to trading party systems or CMOS.</p> <p>GM requested keys are repeated across the templates. AS to update accordingly before sending out next set.</p> <p>KR enquired, publishing peer comparison costs noted down as BAU and green however, would MOSL not have to collate and circulate and would attract extra costs. AS noted MOSL already collate such comparisons and therefore BAU.</p> <p>DM noted depends on whether centrally held peer comparison or devolved to Retailers where costs may be greater which would push towards yellow.</p> <p>AS noted as interventions not currently defined in detail such as will Retailers be requested to simply publish something on their websites or as a note on all bills difficult to determine between RAG ratings.</p> <p>Members noted the difficulty of deciding between green and yellow cost rating for peer comparison in particular dependent on how and who is providing/collating the data.</p> <p>Members further notes this extends to other interventions and can depend on the metric which is being applied and vice versa.</p> <p>AS noted, at this stage, the RAG ratings are to provide an overview and indicate which is cheaper and which is more expensive when compared with each other and will require more detailed analysis once interventions and metrics fully determined.</p> <p>EJo confirmed will be reviewed again and whilst at this stage may be summarized into one metric may become more nuanced metrics in future and thus change status.</p>

NP highlighted some metrics detailed are in fact indicators which provide detail to inform a metric e.g., low number of long unread meters may indicate billing information to customers is strong.

AS reminded members MOSL not requesting endorsement of the content of the templates at this stage simply the methodology of the exercise.

GM recommended listing the metrics at the top, followed by the list of candidate interventions and then the RAG assessment of those after the metrics thus taking into account any secondary metrics/indicators.

AS to update templates with clear instructions and reorientate the template as above.

AR recommended defining between performance indicator and market indicators.

AB suggested including retailer complaints as a metric alongside CCW complaints as CCW only see escalated complaints. Members noted the need for caution in how self-reported metrics such as Retailer complaints are utilised due to inconsistencies in what/how items are reported.

GM questioned the scoring of customer complaints suggesting should be '1' as BAU for CCW but '4' as directly relates to customer outcomes.

MOSL to review the above scoring.

WM queried, despite complex review process, a peer comparison table of customer complaints is the current situation, and it appears has been reverted to – should this be the case?

Chair replied, in some instances, the most appropriate interventions/metrics may already be in place and the process will confirm this.

AS further replied the current review may add other interventions/metrics/indicators alongside the customer complaint data to provide a fuller picture.

AS encouraged PAG members to note if any intervention types are missing from the templates when reviewing them.

Activity GS.6

JJ ran through the activity and introduced DM for his feedback.

DM noted the metrics contain what is required from the Wholesalers and the interventions are linked to those. However, the metrics are worded as though they are the activity, and the interventions are more closely aligned to a metric.

JJ highlighted the primary and secondary metrics and noted these may not prove the activity is being completed.

DM further raised the metrics appear as though they are the interventions in particular where it is stated 'publishing data' which is an activity not a metric to determine if activity undertaken.

JJ clarified DM's comments as current metrics do not appear to link up to activity as a measure and are activities in their own right. JJ noted potential to review responses given.

AS noted DM's comment a wider one and a small number of activities fall into the category of being difficult to quantify and therefore measure.

AR noted need to check metrics which are listed against other activities and what is their purpose. Need to ensure metrics are not lost and appear against other activities.

GM highlighted the need to ensure Wholesaler performance is captured and noted this activity was supposed to offer this however does not appear fully formed. GM recommended recording activity to state improvement of wholesaler performance and not simply publication of performance data.

GM noted need to ensure alignment of this activity with BR-MeX if introduced.

Members note the link between this activity and both GS.6 and GS.8.

AR commented this activity is about communication of performance and across other activities they speak to those areas of performance for Wholesalers e.g., CV.9 this activity can remain simply about publishing data.

DM noted template may need to be reframed to in order to ensure correct assessment of activities when reviewing.

GM recommended MOSL provide principles as a guide to accompany the templates to ensure all members are reviewing from similar perspectives.

Activity GS.8

JJ requested those who had worked on CV.5 to comment as well given the methodology was the most important to note at present.

NP noted activity may be better suited to be incorporated elsewhere as a Bilateral transaction appears to be a yes/no situation and therefore difficult to review comments.

TN noted the need to add additional information/rationale on the templates to be able to make assessments on metrics, interventions etc. and utilised trade effluent transactions as an example

TN noted education as an intervention may only be 'for today' as if staff changes at trading party does the corporate memory of that education remain.

	<p>KR noted education may not be green and publishing peer comparison dependent on who and how these were being delivered as interventions.</p> <p>KR highlighted may need to add other Bilaterals other than simply F4 and BR-Mex also.</p> <p>GM noted TN’s feedback on the need for additional information on the templates to provide context for assessment.</p> <p>JD agreed with KR and TN on education and noted the costs rating will be dependent on the delivery and whether it is centralized or by each trading party..</p> <p>PAG members agreed the methodology/templates can be utilised to review the 11 activities with amendments as described during the meeting</p>
4	Post workshop assignment
	<p>Chair confirmed 11 activities to be reviewed by members</p> <p>Templates to be sent to members w/c 19 December or earlier if available.</p> <p>Activities to be reviewed holistically before sending.</p> <p>Responses to be returned by 18 January 2023 to enable review by MOSLers for PAG on 25 January</p>
5	Any other business & upcoming meetings
	<p>PAG14 – 25 January extended meeting To review feedback and endorse the top tier activities</p> <p>PAG15 – 8 February</p> <p>PAG16 – 22 February</p> <p>Members highlighted some dates have clashes. MOSL to check and issue invites accordingly</p>