

Minutes of the Performance Advisory Group 16

22 February 2023 – 09:00 to 13:00

MEMBERS PRESENT

Chris Dawson	CD	MOSL (Chair)	James Mackenzie	JM	CCW
Kate Russell	KR	Yorkshire Water	Michael Rathbone	MR	Severn Trent
Jamie Davies	JD	Castle Water	Jon Fuller	JF	Wessex Water
Wendy Monk	WM	Wave	David Morris	DM	Waterplus
Trevor Nelson	TN	Business Stream	Neil Pendle	NP	Waterscan

OTHER ATTENDEES

Janet Judge	JJ	MOSL	Sam Webb	SW	MOSL
James Higgins	JH	MOSL	Evan Joanette	EJo	MOSL
Axelle Saada	AS	MOSL	Shaun Kent	SK	Ofwat
Jak Gibson	JGi	MOSL	Lisa-Ann Lott	LAL	MOSL (Notes)

APOLOGIES

Andrew Smith	AS	Castle Water	Claire Yeates	CY	Waterscan
Emily Jerrome	EJ	Water2Business	Richard Varley	RV	Southwest Water
Elena Vaccarino	EV	PwC	Ben Gough	BG	PwC
Adam Boyns	AB	CCW	Sarah Scott	SS	Veolia
Adam Richardson	AR	MOSL	Steve Formoy	SF	MOSL
John Gilbert	JG	MOSL			

ACTIONS FROM MEETING(S)

NO	Action required	Action by	Action Date
	JH noted and MOSL will review the questions prior to issuing post PAG feedback	JH	27/02/2023
	MOSL to cancel 15th March meeting and asked members to attend webinar instead thus PAG17 will be on 29 March.	CD	27/02/2023

1	Welcome
	The Chair welcomed attendees to the meeting, noted apologies and confirmed the agenda.
2	Actions from previous meeting
	All actions closed from last meeting. Chair reminded members minutes and agendas are published on the PAG page of the website.
3	Review progress to date & Steering Group feedback
	Chair updated members on present position confirming consultation 2 overview will be covered in the meeting.
4	Update on overview of tools
	Chair noted single slide for this agenda item as tools one-pagers provided in advance to the meeting. No feedback received from members as yet. AS confirmed remaining tools will be published by COB Friday 24 February. EJo noted same themes followed through from overviews should PAG members not have time to review each individually and can focus on those they have a particular interest in.

	<p>Chair offered opportunity to members to review tools further in the meeting. Members were content to review outside of the meeting.</p> <p>EJo enquired how open to feedback on the tools are MOSL to set expectation of inclusion prior to the consultation.</p> <p>Chair confirmed may not be able to incorporate feedback into the consultation. AS noted will be included as Appendix and industry will be made aware of present position and highlighted members can provide feedback via the consultation or separately should they wish.</p> <p>TN noted providing opportunity to review but not expecting endorsement.</p>
5	Overview of consultation 2
	<p>JH ran through the timeline and topics for the consultation.</p> <p>Consultation launch Tuesday 28 February and working draft currently with Steering Group for review.</p> <p>JH confirmed single webinar for this consultation with the focus on conveying more information on what is included in the consultation as opposed to providing the opportunity for feedback. Webinar to be held Monday 13 March 1400 – 1600. Deadline for written submissions COB Friday 31 March.</p> <p>JH confirmed topics being included: -</p> <ul style="list-style-type: none"> Candidate metrics Candidate intervention tools Overarching process and governance framework <p>JH ran through the 6 questions confirming focus on asking if anything missing or anything that parties disagree with, noting attempting to keep high-level and open ended.</p> <p>TN enquired when will we be agreeing and asking the market which activities are going to be included in the MPF and whether these make sense and will make a difference to customer outcomes, trading party performance and behaviour.</p> <p>EJo responded still ensuring the components however will be some limited examples of metrics/interventions against activities. A third consultation will include a better picture of the MPF and the tiers of activities to ensure which ones remain etc.</p> <p>TN noted whilst Retailers may have a view on customer outcomes v activities however may not have a clear view of which should form part of MPF.</p>

EJo noted consultation 2 asking about tools and metrics will guide which activities are most practical for inclusion and the third consultation will utilise that.

WM queried what activities will you apply the tools/metrics too noting it appears as though all activities are still included.

EJo confirmed this is the case and the intent for the consultation to narrow down which activities would be most practical for inclusion as some metrics and tools may not be usable against any activity and therefore the activity may fall away from inclusion.

Chair noted whilst closer to decision on which activities to include will need further narrowing.

EJo optimistic on progression whilst noting may be slower than some members may prefer.

EJo noted governance section will relate directly back to Strategic Panel paper approved at the February meeting.

NP endorsed TN's and WM's comments and noted need for clear purpose to consultation 2 to be articulated to trading parties.

NP recommended removing the question of 'Are there any intervention tools missing?' as should be PAG's role to identify every eventuality and this may simplify the consultation.

NP also queried what are MOSL looking to achieve from including governance at this stage.

Chair noted governance ready to be shared and will leave space for the third consultation to focus.

EJo noted governance agnostic to the MPF once created and will not directly impact the activities, tools, metrics, interventions.

NP accepted the inclusion of the governance arrangements and recommended shortening the question/s around this – perhaps 'this is a draft do you have any feedback?'

SK endorsed the inclusion of the MPF governance as parties will want to know how it will work.

SK noted the balance of asking granular questions v open feedback was suitable however if MOSL wished to remove any questions p[otentially a question around governance.

JH asked for recommendations on what to ask on the candidate intervention tools of are there any missing?

NP noted simply remove the question do not replace it with another as difficult to conceive any are missing at this stage and will gain more valuable feedback on other questions.

	<p>JH noted and MOSL will review the questions prior to issuing.</p> <p>TN asked should there be a question/s at a higher level as to the design concepts to ensure heading in the right direction and linking to the principles. May provide understanding to the industry as to the journey towards the revised MPF.</p> <p>TN asked if the response will be a web form or will it be open ended responses to enable fuller responses.</p> <p>JH confirmed will be requesting free word-based responses via email as opposed to a web form to gain full feedback noting this will likely produce a large volume of feedback.</p> <p>JJ ran through the MPF tools sequencing reminding members what may be used at each stage: -</p> <p>Pre-market entry Regular Discretionary</p> <p>JJ ran through the worked examples relating to GS.9 noting it is as an aid to understanding for those responding to the consultation.</p> <p>JJ highlighted the metrics have been given references to enable responders to review further and respond more easily.</p> <p>TN noted where a party had failed an audit it is most likely to go straight to rectification monitoring and escalation and would require prompt action as already indicating underperformance. With audit, escalation may need to be more specific.</p> <p>JJ noted not expecting targeted audits to be standard and may come as a result of other metrics not being met.</p> <p>TN noted would not begin with targeted audits and would be sequential however noting audit costs can be high. Where one audit identifies significant underperformance the 'polluter should pay' approach should apply and not cost the market as a whole.</p> <p>JJ noted TN's feedback in particular in relation to costs.</p> <p>NP noted the tools are well laid out, very clear and the more available for the consultation should provide quality feedback.</p>
6	AOB

Chair ran through the upcoming meeting schedule noting PAG17 scheduled for 15 March only 2 days following webinar.

MOSL recommending cancelling 15 March meeting and asking members to attend webinar instead thus PAG17 will be on 29 March.

Members agreed to this approach.