

Market Performance Framework

Performance Advisory Group – PAG17

26 April 2023

Agenda – 2hrs (10am –12pm)

1	Welcome	Chair	5 Mins
2	Actions from previous meeting	Chair	5 mins
3	Review progress to date	Chair	5 mins
4	Quick wins feedback	Axelle Saada/ Janet Judge	30 mins
5	Outline Business Case	John Gilbert/Lisa-Ann Lott	30 mins
6	AOB	Chair	10 mins

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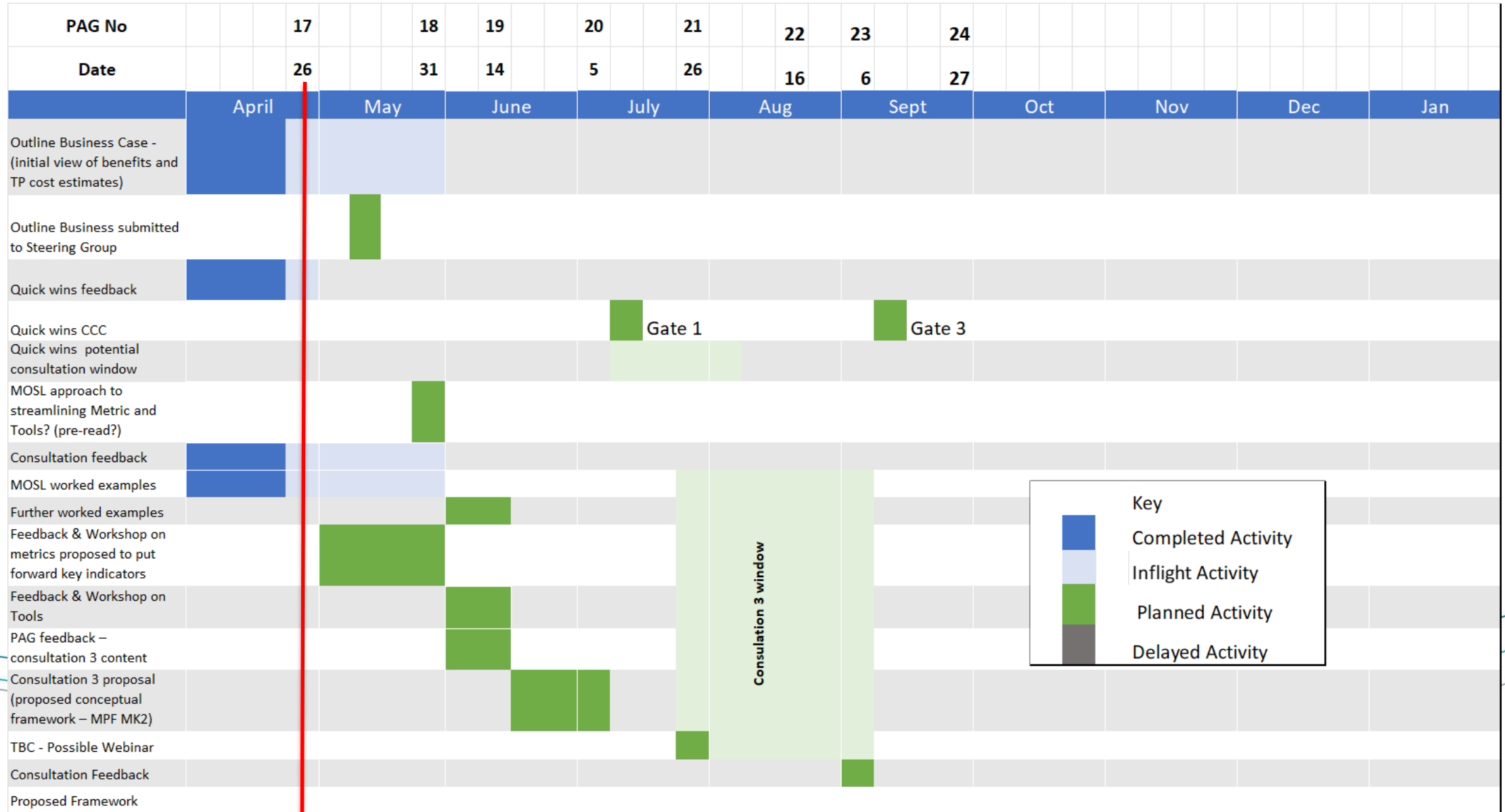
Actions from Previous Meeting (1 of 1) to be updated

NO	Action required	Action by	Action Date
15/01	JH noted and MOSL will review the consultation questions prior to issuing post PAG feedback	JH	27/02/2023
15/02	MOSL to cancel 15th March meeting and asked members to attend webinar instead thus PAG17 will be on 29 March.	CD	27/02/2023

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Review Progress to date (1 of 1)



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Quick wins feedback

For discussion: Capitalise on quick wins to give the industry MPF 2.0 deliverables sooner.

- ◆ Does the PAG think any of the candidate quick wins are non-starters?
- ◆ Any other suggestions?
- ◆ Establish quick win principles

Benefits of quick wins

- ◆ Provide the industry with earlier benefits (programme timeline could see last of MPF 2.0 deliverables as late as 2025)
- ◆ Simplify the current MPF
- ◆ Tests MPF programme code change deliverability
- ◆ Demonstrate desired outcomes/success criteria for the programme
- ◆ Begin unlocking value early and bring stakeholders on board with a phased implementation approach
- ◆ Raise awareness & build credibility for the programme
- ◆ Develop and test the implementation and governance processes
- ◆ Streamlines focus of TPs on other actionable MPS
- ◆ Time saving for Retailer/Wholesaler training
- ◆ Time saving in MOSL reporting? (Dependent on solution)
- ◆ Reduction in Retailer/Wholesaler charges



Candidate quick wins?

💧 **MPS Candidates (remove or set charges to £0):**

- 💧 MPS 4 – Submit new connection notification by Accredited Entity
- 💧 MPS 8 – Initial & final meter read submission by Accredited Entity
- 💧 MPS 9 – Initial & final meter read submission, for Private Water or Private Trade Effluent
- 💧 MPS 11 – Disconnection & reconnection meter read submission by Accredited Entity

💧 **MPS Candidates (set charges to £0):**

- 💧 MPS 7 – Initial and final meter read submission, by Wholesaler

💧 **OPS Candidates (remove/change):**

- 💧 G4a and b – Trade effluent monitoring (routine and non-routine sampling) - Was not delivered in Bilateral Hub due to high volume/low value – potentially remove

Candidate quick win rationale

💧 Why would we remove these standards?

- 💧 Low volume activities (MPS 4 & 8 are lowest average per month & only completed by a small number of Wholesalers)
- 💧 MPS 9, wholesaler is reliant on retailer providing the info, who in turn is dependent on the customer
- 💧 MPS 11 reported under MPS 10 as unable to identify completion by Accredited Entities
- 💧 MPS 7 – Now double counting following the implementation of B processes into Bilateral Hub
- 💧 Low value process (no action taken as a result of measure) – G4a and b (would save time by not delivering into the Hub)

Principles for quick wins

- ◆ Turning off, rather than on,
- ◆ Current MPF components deliver muted benefit to customers
- ◆ If discontinued post low or no risk to customers.
- ◆ low risk/low benefit MPS/OPS measures (subject to review).
- ◆ Market should be able to benefit from quick wins that are identified as part of MPF reform
- ◆ Low volume

Quick wins feedback

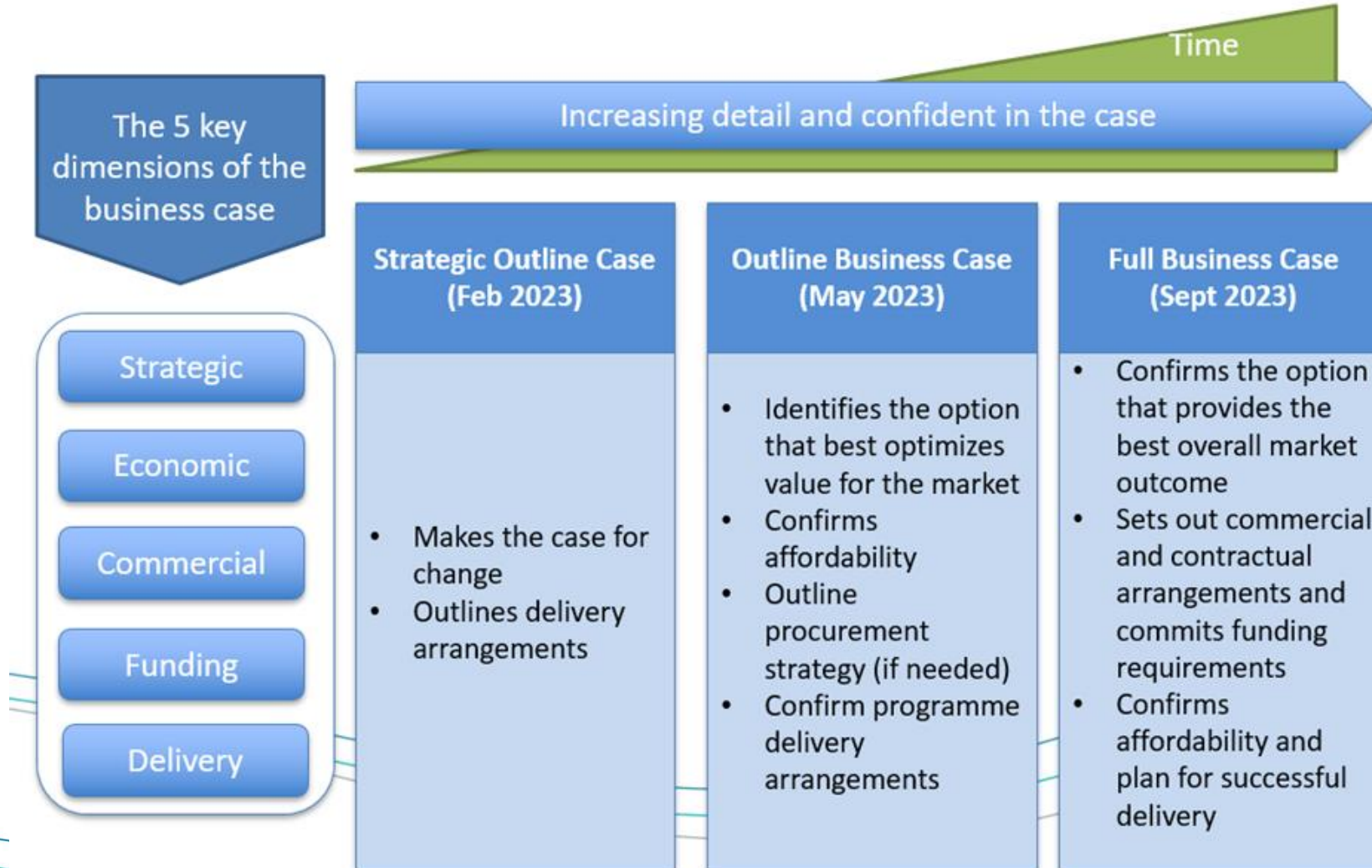
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Business case approach



Business case approach

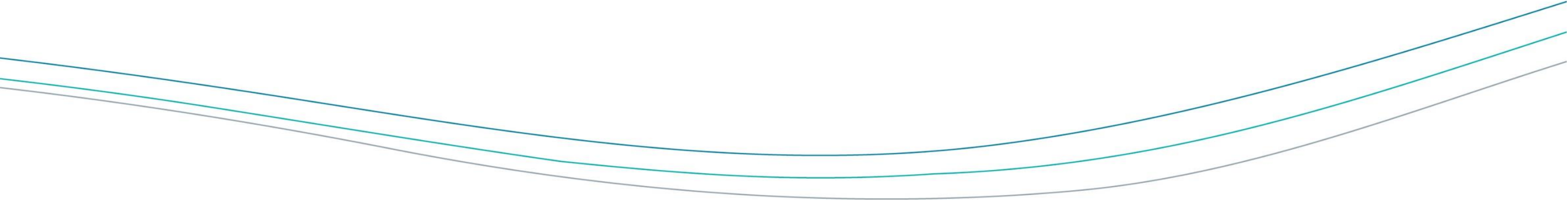
		Strategic Outline Case	Outline Business Case	Full Business Case
Strategic	Is there a clear case for change? Will the solution meet strategic and operational needs?	Include	Review	Review
Economic	Have the full set of options been fully considered? Will the solution deliver optimal market value?		Review	Include
Commercial	Have commercial options been fully considered? Will the solution be commercially attractive for potential suppliers?		Include	Review
Funding	Is the solution affordable for the market? Can the necessary funding arrangements be put in place?		Review	Include
Delivery	Can the solution be successfully delivered?	Include	Review	Review

Outline Business Case

Overview of the business case assessments at previous SOC and current OBC stages

Criteria	Strategic Outline Case	Outline Business Case	Key actions required at Full Business Case
Strategic	Positive case evidenced – PROCEED	Positive case evidenced – PROCEED	No Change from SOC
Economic	Positive case forecast – PROCEED	Positive case forecast – PROCEED	Initial view of benefits added together with MOSL costs to operate existing MPF. Further work to be undertaken and presented in FBC
Commercial	Positive case forecast – PROCEED	Positive case evidenced – PROCEED	Commercial case updated Commercial delivery options for the ‘solution’ and ‘enduring service’ developed and preferred option for both recommended. No risks identified in order to sufficiently attract suppliers to support the programme.
Funding	Positive case forecast – PROCEED	Positive case forecast – PROCEED	No change from SOC
Delivery	Positive case evidenced – PROCEED	Positive case evidenced – PROCEED	No Change from SOC

Benefits assessment – the process



Outline Business Case – additional benefits

Ref	Description of potential benefit of reformed MPF
	Benefit
1	Interventions from MPF may prevent under performance therefore preventing disputes between trading parties over under performance
2	Wholesaler- self reporting reduced effort
3	Retailer - self reporting reduced effort
4	MOSL - saving resulting from automated reporting
5	Streamlined MPF
6	Improved consistency and confidence in reporting
7	Improved ability to conduct market trend analysis
8	Improved market data
9	Reduction in customer complaints
10	Improved ability to analyse and manage own performance
11	Improved ability to target and measure performance rectification activities
12	Improved customer visibility of Retailer performance
13	Simpler processes reducing barriers to entry
14	Simpler processes reducing training requirements
15	More targeted audits

For PAG review and challenge – have we missed anything?

Summary of benefit mapping against criteria

Ref	Description of potential benefit of reformed MPF	Is this a Financial quantifiable benefit yes or no	Is this an non-quantifiable benefit (non Financial) yes/no	Which of the original critical success factors identified could this benefit map to							Which of the Strat Panel priorities identified could this benefit map to		
		Financial	Non-financial	Improved Quality	Water Eff	Customer Service	Drives Efficiency	Creating value	innovation	Value Creation	Water Eff	Customer service Excellence	
1	Interventions from MPF may prevent under performance therefore preventing disputes between trading parties over under performance	No	Yes	x		x		x			x		x
2	Wholesaler- self reporting reduced effort	Yes	No				x	x	x	x			
3	Retailer - self reporting reduced effort	Yes	No				x	x	x	x			
4	MOSL - saving resulting from automated reporting	Yes	No	x			x			x			
5	Streamlined MPF	No	Yes	x		x	x	x	x	x			x
6	Improved consistency and confidence in reporting	No	Maybe	x		x	x	x	x	x			x
7	Improved ability to conduct market trend analysis	No	Yes	x		x	x	x	x	x			x
8	Improved market data	Yes	No	x	x	x	x	x	x	x	x		x
9	Reduction in customer compliants	Yes	No			x	x	x		x			x
10	Improved ability to analyse and manage own performance	Ma											

Ref	Benefit	Assessment against prioritised Activities			Assessment against the Panel's Strategic Outcomes		
11	Improved ability to target and measure performance rectification activities	Benefit Mapping					
12	Improved customer visibility of Retailer performance	Version 1					
13	Simpler processes reducing barriers to entry	No					
14	Simpler processes reducing training requirements	Yes					
15	More targeted audits	No					
1	Interventions from MPF may prevent under performance therefore preventing disputes between trading parties over under performance		Improved Quality	Yes	MPF will drive higher performance across market therefore leading to an improved quality services		
			Water Efficiency			Value Creation	Yes
			Customer Service	Yes	Customer's will benefit from performance improvement	Water Efficiency	
			Drives Efficiency			Customer service Excellence	Yes
			Creating value	Yes	Reduced costs associated with underperformance and disputes		
			innovation				

Outline Business Case – Assessment of magnitude of benefits

- ◆ The aim is not to exactly quantify benefits but to assign a magnitude and then a confidence level against each benefit.
- ◆ This in turn will be used to estimate the total potential benefits for the Full Business Case (Sept)
- ◆ A suggested assessment table is presented below
- ◆ We would like PAG members to assign a magnitude rating to each benefit together with a brief rationale

	Is the benefit assessed as having the potential to achieve one or more of the following?		
Magnitude	Trade party coverage	Financial impact	Enablers
Large Benefit Magnitude	Expected to be realised by > two thirds of relevant trading parties	Potential financial impact greater than £150k pa at the market level	Will directly enable improved customer experience, performance improvement or market improvement
Medium Benefit Magnitude	Expected to be realised by between one third and two thirds of the relevant trading parties	Potential financial impact between £75k - £150k p.a. at the market level	Will act as an enabler for a planned initiative to improve customer experience, performance improvement or market improvement
Small Benefit Magnitude	Expected to be realised by fewer than one third of relevant trading parties	Potential financial impact less than £75k p.a. at the market level	May act as an enabler for an improved customer experience, performance improvement or market improvement

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AOB Future meetings (1 of 1)

Meeting Date	Discussion / Introductions / Endorsements
PAG 18 – 24 May 2023	<ul style="list-style-type: none">⑩ Consultation feedback⑩ Feedback & Workshop on metrics proposed to put forward key indicators
PAG 19 – 14 June 2023	<ul style="list-style-type: none">⑩ Feedback & workshop on tools⑩ Draft worked examples⑩ PAG feedback – consultation 3 content