

Minutes of the Performance Advisory Group 19

23 June 2023 – 10:00 to 12:00

MEMBERS PRESENT

Emily Jerrome	EJ	Water2Business	Michael Rathbone	MR	Severn Trent
Jamie Davies	JD	Castle Water	Kate Russell	KR	Yorkshire Water
Wendy Monk	WM	Wave	David Morris	DM	Waterplus
Trevor Nelson	TN	Business Stream	Adam Boyns	AB	CCW
Gillian Bladen	GB		Neil Pendle	NP	Waterscan
Shaun Kent	SK	Ofwat			

OTHER ATTENDEES

Chris Dawson	CD	MOSL (Chair)	Adam Richardson	AR	MOSL
Janet Judge	JJ	MOSL	Evan Joanette	EJo	MOSL
Sam Webb	SW	MOSL	Lisa-Ann Lott	LAL	MOSL (Notes)
Adrian Smith	AS	MOSL	Oliver Robins	OR	MOSL
Steve Formoy	SF	MOSL	John Gilbert	JG	MOSL
James Higgins	JH	MOSL			

APOLOGIES

Kevin McCalliskey	KM	South West Water	Claire Yeates	CY	Waterscan
Jon Fuller	JF	Wessex Water			

ACTIONS FROM MEETING(S)

NO	Action required	Action by	Action Date
19/01	MOSL to include potential consultation question along with the early sight of the information.	EJ	01/09/2023
19/02	Clarifications on the incremental improvements noting the code change process includes consultation and enquired how many code changes will be required.	JG	26/07/2023
19/03	Maintenance and flexibility in Governance structure to be outlined	EJ	01/09/2023

1	Welcome & Actions from previous meeting
	<p>The Chair welcomed attendees to the meeting, noted apologies and confirmed the agenda.</p> <p>All actions to be discharged during the meeting.</p> <p>Chair displayed the progress to date noting key work being undertaken and then displayed the new style plan on a page (POAP).</p> <p>JG ran through the updated POAP document noting the OBC had been approved by Strategic Panel and FBC now due for approval at Strategic Panel in November 2023.</p> <p>JG noted feedback from Trading Parties on consultation 2 and its affect on the timelines in particular in regard to consultation 3 and the period it runs for.</p> <p>JG highlighted to members the four groups which will be included within consultation 3 and the process which will be employed in advance of the consultation in so much as sharing early sight with the market before the consultation.</p> <p>JG highlighted quick wins had been renamed as incremental improvements in line with discussions held with PAG.</p> <p>Tranche 1 delivery to begin April 2024.</p> <p>TN welcomed the suggestion of providing early sight of important information and the movement of consultation 3. TN suggested including potential consultation question along with the early sight of the information.</p> <p>TN noted the relatively small risk associated with the incremental improvements and any light touch consultation associated with this section of work.</p>

	<p>JG highlighted the incremental improvements enable the Code Change Committee to be made familiar with MPF reform and to test the process in regard to MPF reform.</p> <p>SK raised clarifications on the incremental improvements noting the code change process includes consultation and enquired how many code changes will be required. JG confirmed unconfirmed at present however will review and revert with indicative view.</p> <p>JG explained the milestones slides and noted members could provide feedback outside the meeting should they wish to do so.</p>
2	Activities update
	<p>JJ ran through a recap of the activities noting over 30 activities to begin with, amended following consultation 1 and further reviewed following consultation 2 with PAG.</p> <p>Following PAG feedback duplications and overlaps removed, and wording updated on some activities has led to the creation of a prioritized list of 9 activities.</p> <p>JJ ran through those activities which had moved into the initial focus CV.16, GS.10 and CV.1. JJ also confirmed those activities that had moved outside of the initial focus GS.3, UWE.4 and UWE.5.</p> <p>JJ noted the initial focused activities will have standard tools applied to them, those activities outside of the initial focus could still have discretionary tools applied should it be deemed necessary.</p> <p>TN thanked JJ for the work completed on the activities noting it is a well-focused set of 9 activities and it is easy to understand whilst each one has been included.</p> <p>TN suggested for those activities not making the top nine as they are still valid activities relating to market risks and may require a review later e.g., the activities which have been recommended by MOSL as a response to Ofwat’s most recent consultation. Need to ensure activities are not lost/forgotten and may need to be allocated to other pieces of work e.g., strategic metering or to Ofwat.</p> <p>CD confirmed activity review was top down and metrics review is bottom up and may thus reveal other movement.</p> <p>EJ noted TN’s suggestion is in line with the recommended governance in so much that a cyclical review is built into the framework to ensure all risks are covered in the correct way.</p> <p>CD sought endorsement of the 9 activities to be included in the initial focus of the MPF, all members present agreed to endorse (9 votes)</p>
3	Update on metrics (top-down review)

JJ provided an overview of the current position regarding metrics noting using consultation feedback and internal SMEs to consolidate the list of candidate metrics.

JJ noted PAG members will be invited to comment on the criteria offline if major omissions are apparent.

JJ confirmed a list of metrics will be shared at future PAG meetings for the group to endorse.

JJ further confirmed the metrics referred to are performance metrics which indicate how well trading parties are performing. Market metrics will be used to inform further diagnosis into key areas and to review market trends.

JJ ran through the metric selection criteria currently being utilised: -

Is the metric reliable, robust?

Is the metric practical, workable and proportionate?

Is the metric understandable, unambiguous?

Is the metric auditable?

Will the metric improve trading party accountability?

Will the metric improve customer outcomes?

JJ ran through an example approach to how the metrics are being reviewed.

CD reassured members they will have the opportunity to review the metrics and will be sent as pre-read. Noting 9 activities with circa 20 metrics.

EJ noted on the example candidate metrics had dropped from 16 to 3 and enquired if this was similar for the others reviewed thus far. JJ confirmed this is the case and most are leading to only 2 or 3 metrics per activity.

EJ noted this is producing a tighter framework and enquired if keeping a note of the metrics which are being discounted at this stage will be retained for potential future use. JJ confirmed will be retained and could be used in future if the need arose as supporting metrics.

JD enquired if consideration is being given to potential recommendations for upgrading reporting/items in CMOS etc. as a result of the metrics reviews. JJ noted working alongside the data cleanse project and utilising information from that project when reviewing metrics. JJ further noted where areas identified for improvement these will be brought to the attention of appropriate other projects or raised as a potential separate project.

NP enquired how the scoring matrix works for the performance metrics based on the example shown as he would have anticipated different responses. JJ confirmed this has been based on the responses to consultation 2 alongside work being undertaken by the data cleanse project which the project is working alongside.

	<p>NP highlighted need to consider importance as a criteria and noted importance may cross against what is practical.</p> <p>CD noted presentation based on the journey towards creating the list of metrics as opposed to providing a definitive list.</p> <p>TN highlighted may alter following detail provided through the data cleanse and enquired how much will be codified moving forward.</p> <p>AR reflected ‘do the reform’ once and include maintenance and flexibility. Need also to ensure visibility of the measures clearly. Thus, may not be fully codified to allow the flexibility however will still be built into the governance of the MPF.</p> <p>TN noted something similar to the current MPOP and AMPR may present early sight governance for year ahead.</p> <p>MOSL to ensure clearly outlined in the governance structure.</p> <p>SK highlighted the need to return to the original risks identified to ensure proposed framework still meets those risks. CD confirmed this will be undertaken and presented to PAG.</p> <p>GB shared NP’s concerns and noted 3 high performance metrics shown but not the rejected 13 metrics. GB noted given activities had been streamlined had some metrics been lost in particular in regard to asset data.</p> <p>JJ agreed the need to ensure gaps are not created however need to simplify and remain flexible.</p> <p>CD noted the original 16 metrics were all included in consutaioon2 and streamlined following feedback on the consultation.</p> <p>GB shared concerns on the levels of flexibility in the metrics and whether this will change too often from a reporting perspective need to ensure no ‘see-saw’ affect from flexing too often.</p> <p>AR noted larger changes are likely to be years rather than months as it makes it difficult to draw comparisons for both trading parties and customers.</p> <p>NP noted scoring list for high performing metric very good however would like to see full picture to ensure detailed correctly and should not move away from metrics which are difficult measure at present just on that basis, need to include important as a criteria for the metrics.</p>
4	<p>Consultation 3 content</p>
	<p>EJ ran through feedback on previous consultations and provided an indication of the headlines for the consultation 3: -</p>

	<p>Focus on a small number of activities. Small number of standard metrics for those activities. Small number of standard MPS tools Small number of discretionary tools Governance models</p> <p>Parameters for metrics will not be included in consultation 3 and will be subject of consultation 3.</p> <p>EJ further confirmed the intention to provide pre-consultation engagement including, user forum, myth-busting video, Market Focus every month, Contract Manager’s meetings and standalone documents setting out component scope.</p> <p>TN noted the unknown impact of BR-MeX on the activities and wanted to know how they may come together.</p> <p>SF reassured members MOSL working closely with Ofwat on creating BR-MeX and Ofwat representative on PAG to ensure close alignment. SK confirmed BR-MeX working group discussing MPF measures that could impact or be utilised and where MPF metrics may be more suitable.</p> <p>NP noted should aim for transparent, insightful and most importantly trusted MPF in particular by customers.</p>
<p>5</p>	<p>AOB</p>
	<p>CD confirmed next PAG scheduled for 5 July and will include feedback on tools.</p> <p>EJ noted future PAGs will include steering group update.</p> <p>AS noted, trust will come with transparency, and this will come from the simplicity. AS further noted, the market will find comfort in the knowledge PAG are reviewing each stage.</p> <p>TN enquired what is going to happen with MPC and holistic reporting noting a number of PAG members are members of MPC also.</p> <p>AR noted the July meeting of the MPC is an in-person session looking at performance indicators and will include the work of the PAG and the MPF reform and where these two work together.</p> <p>TN noted central data cleanse also is included within the wider work and will have impact.</p>