

PERFORMANCE ADVISORY GROUP

PAG-01

Minutes of meeting held on 15 June 2022

ATTENDEES:	Chris Dawson (Chair)	Adam Boynes (AB)	John Fuller (JF)	Emily Jerrome (EJ)
	Georgina Mills (GM)	Wendy Monk (WM)	David Morris (DM)	Trevor Nelson (TN)
	Michael Rathbone (MR)	Kate Russell (KR)	Sarah Scott (SS)	Peter Strain (PS)
	Richard Varley (RV)	Claire Yeates (CY)	John Gilbert (JG)	Adam Richardson (AR)
	Steve Formoy (SM)	Markus Lloyd (MLL)	Matt Labrum (ML)	Janet Judge (JJ)
APOLOGIES:	Andrew Smith (AS)			
MINUTES:	Helen Fryer (HF)			
AGENDA:	Welcome, Introductions & Background Terms of Reference Programme Plan Introduction to Risks and Issue Tracker MPF Glossary (including Success Criteria Any Other Business			

ACTIONS FROM MEETING

	ACTION REQUIRED	BY	DATE
01/01	Terms of Reference - Core membership to be amended to reflect the role of CCW on the Performance Advisory Group.	MLL	29.06.22
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	SF/ML	22.06.22
01/03	Risk and Issues Tracker – Ensure the difference between a mitigation and an intervention clear on the template	SF/ ML	22.06.22
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

MINUTES OF MEETING

ITEM	MINUTES
1	WELCOME, INTRODUCTIONS & BACKGROUND
1.1	CM welcomed everyone to the first meeting of the Performance Advisory Group (PAG) and introductions took place.
1.2	CM advised that going forward an open invitation would be extended to the market for all those wishing to attend.
1.3	CM outlined the meeting agenda and highlighted the key endorsements the PAG01 meeting was seeking to achieve.
1.4	<p>MLL/AR presented the background to the MPF programme which included:</p> <ul style="list-style-type: none"> – The Elements of a Market Performance Framework – Initial Focus: Risks and Framework ‘Components’ Workstreams – Decision making for Programme Deliverables – The sequence of PAG meetings in relation to the MPF Steering Group and Strategy Panel <p>The following point was raised and NOTED:</p> <ul style="list-style-type: none"> • TN questioned the references made in relation to natural incentives. Natural incentives would operate in a competitive market but wholesalers are regional monopolies who would always presumably need a performance framework. AR responded that this is a ‘root and branch’ review, and the reform is starting

	<p>with that in mind, it is important that we test that zero case. If natural or regulatory incentives are not sufficient then we need some intervention and we need to recognise there are different incentives in different parts of the market so we could end up with different answers for wholesalers/retailers or different parts of the market within those. MOSL will have to investigate this to establish what it means now and potentially in the future.</p>
2	TERMS OF REFERENCE
2.1	<p>With PAG members having previously received a copy of the ToRs, MLL reiterated the main points.</p> <p>The following points were raised and NOTED:</p> <ul style="list-style-type: none"> • AB stated that within the core membership it would be good to refer to either CCW or the rep's role on the PAG as well. MLL replied that it goes without saying that CCW is critical when it comes to delivering positive customer outcomes and an amendment to the ToRs will be made to reflect this. • GM suggested that since CCW has direct access to customers, this avenue could be explored to gain 'customer voice' as part of this process. MLL agreed; CCW has a strong role to play and is already providing benefits <p>The Performance Advisory Group ENDORSED the Terms of Reference subject to the amendment outlined above.</p>
3	PROGRAMME PLAN
3.1	<p>JG outlined the High-Level Programme Plan to seek support and endorsement for the methodology and approach MOSL are applying. The PAG were asked to consider:</p> <ul style="list-style-type: none"> – The plan still needed to be baselined and presented back to the Programme Board and Steering Group as per the governance – Focus of the plan is on the initial phase (points 1a to 1b - from now up until January 2023) – The plan presented is indicative and a visual representation for ease – Three key aspects were used in developing the plan – current MOSL resource availability; governance cycle; decision making process methodology – Plan is flexible and was purposely planned for the first 10 activities only <p>Next steps:</p> <ul style="list-style-type: none"> – Produce a detailed programme plan in Monday.com – plan to be shared with PAG members – Aim to present plan to Steering Group on 12 July <p>The Performance Advisory Group ENDORSED the High-Level Programme plan.</p>
4	INTRODUCTION TO RISKS AND ISSUE TRACKER
4.1	<p>SF/ML presented the background and introduction to the Market Risks and Issues Tracker and advised that a detailed pack of slides setting out the current draft of the tracker would be sent to members prior to PAG02 meeting where MOSL would be looking for feedback on anything that has been missed as well as endorsement for the MPF programme.</p> <p>The following points were raised and NOTED:</p> <ul style="list-style-type: none"> • TN questioned the scoring mechanism in relation to making a distinction between risks and issues. Whilst understanding risks are scored 1-3, MOSL state they want an enduring register; where it is a risk and not an issue, do you not need to cross reference that with the likelihood or probability of it occurring? SF explained that originally this was intended but into the process the vast majority currently on the tracker are current issues, things that are wrong with the market now, so MOSL effectively ended up with a likelihood score of 100% for a lot of things. To simplify, this was removed but where we do have risks coming up with the impact, we take the impact and apply a likelihood. This has not been included in the matrix as a separate score as it overcomplicated it. Going forward we may need to modify how this is presented • GM highlighted the importance of treating the 'frequency' with caution and gave an example whereby an issue could be de-prioritised. SF agreed and confirmed that both scorings would be represented. ML added that the impact score is not just based on definitive thresholds around supply point volume, subjective assessment analysis around customer satisfaction (combined Ofwat/CCW survey) has been incorporated

	<ul style="list-style-type: none"> • WM referred to the Risk Summary Example and asked if there is any reflection or consideration of what the natural incentives might be that could be documented at this point or does that happen somewhere else? SF said that for a risk and issue tracker we would not get into interventions, we are establishing the scope of the problem and using as a tool to think about how we tackle the problem i.e., through the MPF, price review process etc. Whilst natural incentives are important, they would be best placed elsewhere • CY requested clarity on subjectivity and how the assessment was made. When the initial draft is received, will this be included so we can clearly understand how decisions have been made. SF confirmed that we will be sharing one-page summaries for all the high risks which will provide an indication of how the scoring was allocated • TN said that bearing in mind that we are going to use this as part of performance, do we also take into consideration the widespread nature of impacted customers, because it could be a performance issue rather than a market risk. SF replied that he doesn't necessarily see this as capturing various specific trading party performance issues unless they are long term or effecting a lot of customers and won't be resolved within 3 – 6 months whereby this could potentially be on the market risk and issues tracker, but we would need to be clear that it was specific to a certain region/trading party. However, for the shorter-term performance issues this is not really what the tracker is about, what we are trying to achieve is a long-term view of the market. TN added that it is about the quantification. He felt a risk or issue could be regionalised and for those customers it is an issue. In this case it should be recognised that it is a regional matter rather than an inherent problem. SF agreed this should be reflected upon and if we do have any, then it needs to be made clear in the one-page summary. • EJ asked if a clear link to any actions would be represented on the tracker for risks that are converted to issues. SF responded with yes, over time. A risk is not something that is there now but might arise in the future, whilst an issue is there now. Both potentially may need interventions, for risks you are looking at mitigation actions to stop that risk happening, whereas interventions are applied to improve the issue, reduce it, or eliminate it entirely. We will need to make this clear on the template.
5	MPF GLOSSARY (INCLUDING SUCCESS CRITERIA)
5.1	MLL shared the purpose of the Glossary and how it captures the background of the MPF programme.
5.2	<p>MLL explained that the success criteria have been developed from the Call for Input (CFI) initiated by the Market Performance Framework Working Group and then refined by the Steering Group to align with the strategic outcomes from the Strategic Panel.</p> <p>MOSL are looking to apply the success criteria to the intervention tools to determine as to whether they should be included within any future framework. Going forward, we will be looking to use the success criteria in future PAG's to test the efficacy, effectiveness, and viability of the interventions to mitigate the risks.</p> <p>AR emphasised the importance of everyone using consistent terms for clarity and the benefits that the Glossary and Success Criteria will bring to the Performance Advisory Group.</p> <p>The following points were raised and NOTED:</p> <ul style="list-style-type: none"> • GM pointed out that the MPF will ultimately result in code change, so these principles need to be considered, where there is a 'trade off' the customer interest should prevail. JG replied that from experience of the Bilat's programme, where there has been a difference of views MOSL have always sought to seek the best result for the customer <p>The Performance Advisory Group ENDORSED the Glossary and Success Criteria.</p>
6	ANY OTHER BUSINESS
6.1	CM explained the administrative process in terms of the minutes and advised members that all PAG documentation would be made available on the website. James Higgins will provide an update at PAG02 on the website and members Inbox: mpfreform@mosl.co.uk
6.2	CM gave a brief overview of the agenda for PAG02 on 29 June.
6.3	CY asked how MOSL intend to encourage others to engage and attend PAG meetings going forward and emphasised the importance of ensuring members received documentation in good time prior to meetings. CM

	<p>confirmed that a PAG information and invitation communication will be sent to the market shortly and members should expect to receive relevant material a week prior to each meeting.</p> <p>CY requested clarity on how MOSL would seek to engage with customers – would a more formal consultation take place? AR responded that CCW had insight on customers, and this should be brought to bear in the discussions of the PAG. In addition, we should draw on the knowledge and experience of trading parties who each have ‘touch points’ with customers. All PAG members should bring these customer insights to bear in PAG discussions. In addition, it would be important to make sure that documentation issued during the consultation process was packaged in a customer friendly fashion.</p>
6.4	<p>TN asked if was over ambitious for members to endorse documentation at one meeting considering the number of questions and potential points they might want revised. SF said it would depend on the nature of the material, and guidance would be provided when points can be emailed prior to the meeting. To effectively work to the plan, comments should be raised for discussion on the day. MOSL will ensure that clear guidance on what members are being asked is provided.</p>
6.5	<p>GM requested that where relevant, PAG members harnessed and then highlighted the existing wealth of customer insight already available at meetings and where there are gaps, draw on CCW for new insight.</p>