



Adam Green
Managing Director
Carillion Construction Services

Jon Carlton
Director
Guille Carlton Solutions Ltd

Bob Irvine
Deputy Director
Scottish Government

30 June 2015

Dear Panel

Re: Baseline review of Open Water

I would like to thank you for carrying out the first independent review of the Open Water programme arrangements to deliver a new market for eligible non-household customers in England to choose their water and wastewater retail service supplier (the 'baseline review').

You have carried a very thoughtful and thorough review in a tight timeframe. I would also like to record my thanks to the interviewees that you spoke with the course of your review for making sufficient time available at short notice and for participating in an open and frank way.

Although Ofwat is the recipient of the baseline review, the issues affect all of the organisations involved in Open Water. So, I have discussed the conclusions and recommendations of the review with:

- Market Operator Services Limited (MOSL)
- Open Water Markets Limited; and

Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

- the UK Government's Department for Environment, Food and Rural Affairs (Defra).

You carried out the review through a combination of document assessments and interviews with key participants in the programme. You concluded that the programme delivery confidence was **Amber**. This means that in your view the target date for opening the new market appears feasible but significant issues exist and require management attention.

You identified the main issues and challenges for the programme to enable delivery by April 2017. The main categories of recommendations were:

- governance;
- transition planning;
- organisational capabilities;
- risk management;
- communications and engagement; and
- readiness for the next phase.

You classified your recommendations as either critical or essential.

All of the organisations involved in Open Water agree that you have raised important issues that need addressing, and accept the broad intent and direction of your recommendations. We are all working towards addressing them. This includes putting in place clearer governance, accountability and effective programme management to ensure delivery of the new market. Overall, I consider that the broad thrust of the recommendations can be addressed. The programme continues to work towards the delivery date of April 2017 for opening the new market.

Below I summarise our response for each of the six main categories of recommendations you made. We have published a copy of the baseline review alongside of this letter. We have set out your recommendations in full in appendix 1. For each recommendation we have set out:

- where we agree;
- the action we have taken; and
- the results and evidence of this action.

At the same time, you carried out your review while the programme was continued to operate, and at a time of change with the impending transfer of responsibilities from OWML to MOSL and Ofwat from 31 May 2015. This means that some of the

Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

discussion in the review has been superseded. For example, [the publication of the assurance framework and market readiness transition documents](#). There are also some areas where the specific approach you proposed needs adjustment to reflect more closely the detailed arrangements or structures within the programme.

Governance

We accept the need for greater clarity on the governance of the programme to make sure it operates effectively and supports the successful delivery of the new market. In appendix 2 we provide an overview of the governance, and a description of each of the respective groups.

The Open Water programme will be led by the Retail Markets Opening Management Group (RMOMG). This group retains the overall programme governance and leadership, oversight of plans, budgets, risks and policy issues. RMOMG's members are senior executives from MOSL, OWML, Defra and Ofwat.

RMOMG will improve the understanding of its role by reviewing its terms of reference and by improving its visibility including:

- managing the overall programme risk;
- publishing key messages and where appropriate working papers;
- developing a critical path view around programme milestones, which in turn will drive some of its agenda;
- introducing more clarity on issue escalation (and requests back to the programme level); and
- having a more active role in communications and programme-wide messaging.

The RMOMG will have the following working groups reporting to it.

- Retail Market Opening Programme Group (RMOPG) – which was previously the Planning Group – will have the main responsibility for delivering the programme. They will be directed by RMOMG and escalate issues to them where required. RMOPG will have the following groups reporting to it.
 - A Communications Group, which will be led by Ofwat.
 - A Policy Issues Group, which will be led by Ofwat.
 - A Work Plan Review Group, which will be led by MOSL.

- The Assurance Group (previously the ‘High Level Group’) will provide support to the process for assuring the market is ready to open. This includes the advice to Defra to inform the Secretary of State’s decision on whether to allow the market to open. The group will be led by Defra.

Transition planning

OWML, Defra, MOSL and Ofwat have developed a plan for the transfer of responsibilities from OWML to MOSL and Ofwat (the ‘transition plan’). This has already raised similar issues to those in your review, particularly on programme management and engagement. The plan includes a timeline for both Ofwat and MOSL to ensure they have addressed resource requirements to deliver their respective responsibilities.

OWML chair a Transition Group that has addressed a number of issues including some identified by your review. The group is working collaboratively to agree a detailed plan to:

- manage the transition;
- agree continuity of resources where appropriate; and
- has worked to agree a programme budget.

Minutes from the Transition Group are published on [the Open Water website](#).

Organisational capabilities

Both Ofwat and MOSL have had to improve their respective organisational capabilities.

Ofwat has appointed PA Consulting as a Delivery Partner to help deliver a number of work streams. The partnership approach:

- brings in additional resources that have significant experience in the issues; and
- will operate in a flexible and visible manner completely aligned to successful market opening.

Ofwat has also recruited staff to support the development of the customer protection work. We are also in the process of recruiting programme management functions. Until then programme management will be handled by interim resources.

MOSL has appointed Ben Jeffs as their Chief Executive. Lesley Halford has also been appointed, as Communications Manager, to lead the development and delivery of a communications strategy that builds on the foundations put in place by OWML.

MOSL have also identified key staff and suppliers to OWML and work is progressing to secure their services for MOSL going forwards, with no loss of continuity. MOSL is developing their organisation's structure to identify capability gaps. It has also identified individuals to support build the necessary human resources (HR) capability to meet the needs of MOSL and the programme. MOSL is also in the process of securing a programme management capability to drive, track and report progress.

Risk management

RMOMG as the owner of the programme risks has a responsibility to make sure that the risks that are reported to it are a credible assessment. This will be enhanced by having a properly integrated risk assessment within the programme.

As noted above, RMOMG has also agreed that it will use the planning milestones to develop and assess the critical path to market opening. This will inform the forward agenda. It will also provide RMOMG the opportunity to consider issues at a deeper level, and where necessary provide direction to the programme.

With regard to budgets and budgetary control, separate controls exist within Ofwat and MOSL. But we understand that stakeholders would find it useful to have transparency on the overall programme cost and how any estimates change. So Ofwat will publish a note outlining these costs and explaining how the costs have been calculated and change over time.

Communications and engagement

Communications and common messaging is essential in terms of maintaining a single and consistent view of programme activities and outcomes. RMOMG has made a commitment to leading this work, and will be supported by the Communications Group chaired by Ofwat.

The Communications Group will agree a joint approach to communications and manage engagement through a shared planning tool (a 'common communications grid'). This common communication grid will allow better engagement planning, and allow sector participants to organise their own activities around the various work streams.

Readiness for next phase

You noted three key areas related to readiness for the next phase of the programme.

- Both Defra and Ofwat have a number of policy issues that need addressing. The timing of those consultations is outlined in [the published plans](#) and there is awareness of the issues that need early resolution. Specific issues, such as exit regulations and the 'in area trading ban' have been raised in public and in bilateral discussions with senior executives.
- As noted above, the Assurance Group forms an essential role in informing the Secretary of State's decision on whether to open the market. The further development of this group, including establishing its membership, will demonstrate a clear view of how work to establish the market will be assured.
- Open Water members accept that the approach to company transition and readiness needs further consideration. While the frameworks are in place, there are decisions needed on how best to implement a plan, including who is responsible for providing any support services. These decisions will be considered by RMOMG.

Finally, I confirm that the next review of Open Water's progress is scheduled for the first quarter of 2016. This is before MOSL begins testing the systems for the new market.

Yours sincerely



Adam Cooper
Director of Retail Market Opening
Ofwat

Appendix 1 Summary of the baseline review recommendations and Open Water's response

Report Ref:	Recommendation	Urgency rating ¹	Response
1	The RMOPMG must create a vibrant and shared vision of the path to successful delivery. The views of new entrants as well as incumbents must be given full opportunity to be heard.	Critical	<p>Agreed: The RMOMG has responsibility for the overall programme governance and leadership, oversight of plans, budgets risks and policy issues.</p> <p>The RMOMG agrees that clarity about its role and transparency of its activities should be enhanced.</p> <p>At the programme-level the RMO Programme Group remains responsible for delivery, taking direction from RMOMG, and escalating issues where required.</p> <p>Action taken: The RMOMG is refreshing its approach to overall programme leadership and visibility through increased transparency and clearer messaging.</p> <p>The Programme Group (RMOPG) has been revamped out of the previous Planning Group and is developing new terms of reference. It is chaired by Adam Cooper of Ofwat, and has representatives from MOSL, OWML and Defra.</p> <p>The RMOPG is empowered to make programme level decisions- particularly around the plans, and have the ability to escalate issues to RMOMG as well as take direction from the management group.</p> <p>A Communications Group and a Policy Group will report into the Programme Group.</p> <p>Results and evidence: RMOMG is updating its way of working and outputs from this will</p>

Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

			<p>emerge from the July meeting onwards.</p> <p>The Programme Group will agree the new terms of reference by the end of June.</p> <p>It is worth noting that sector interests are represented in RMOMG, at the programme-level by MOSL and also in the MOSL-chaired Workplan Review Group (WRG).</p> <p>The Programme Group is also intending to publish detailed integrated plans ('Level 2 plans') for opening the market that will improve transparency and allow more challenge.</p>
2	Ofwat should ensure that the names of individuals of the respective groups within the revised governance structure are identified.	Critical	<p>Agreed: The identification of individuals in the revised governance structure is a joint activity across delivery parties.</p> <p>Action taken: A refreshed governance framework has been agreed with RMOMG (as noted in Appendix 2), and at the Programme level Ofwat is in the process of agreeing the respective permanent leads as it builds out its resources.</p> <p>Results and evidence: The current programme-level groups are all led by Ofwat by senior staff but the individuals may change following further recruitment for a new Programme Director.</p>
3	The escalation procedures between the levels of the structure should be clearly set out.	Critical	<p>Agreed: We note the view that the escalation procedures may not be clear even where they exist in a formal or informal approach. Getting this right is important, and clarity is essential for ensuring that decisions can continue to be made in a timely manner and more substantive issues receive the necessary senior level attention.</p> <p>Action taken: RMOMG's revised working arrangements will provide greater clarity on the issues it expects to provide direction and decisions around. Programme level activities will remain with those groups.</p> <p>Results and evidence: RMOMG has discussed the level of issues that it wished to</p>

Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

			<p>address. These issues will fundamentally be driven from the programme risk matrix and critical path and milestones that will be reported upwards.</p> <p>RMOMG will take decisions on key issues, and has the ability to commission further detailed work and where necessary direct the programme level groups to different areas of activity.</p>
4	Ofwat should publish a RACI diagram representing the governance and workstream structure, rather than its present focus on organisations	Critical	<p>Agreed: Accept that the existing allocation of work (RACI) was difficult to agree given the discussions around transition and timing. Moving the structure away from an organisational structure will improve the focus on the specific work streams, but still recognise the respective roles of each organisation.</p> <p>Action taken: RACI will be re-worked by the RMOPG in line with the enhanced governance structure and greater clarity of the post OWML transition period.</p> <p>Results and evidence: In progress with delivery by July in line with the end of OWML transition.</p>
5	The transition plan needs to be finalised, agreed and communicated as a matter of urgency (by Ofwat)	Critical	<p>Agreed: The transition workgroup chaired by OWML has made significant progress mapping out the phased transition of work to Ofwat and OWML.</p> <p>Action taken: OWML, MOSL, Defra and Ofwat all participate in a transition workgroup that has developed a credible plan.</p> <p>Results and evidence: The transition plan will be communicated to the work plan review group once it is completed by the Transition Oversight Group, and information will be made available to the wider sector.</p>
6	Critical resources need to be identified and secured with	Critical	<p>Agreed: Both parties require sufficient resources to deliver the programme both to ensure continuity of the programme post transition, and also to deliver existing</p>

Adam Cooper, Director
 Direct line: 0121 644 7690
 Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
 Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

appropriate priority given to securing continuity (by Ofwat and MOSL)

responsibilities.

Action taken: MOSL has appointed Ben Jeffs, as Chief Executive. Lesley Halford has also been appointed, as Communications Manager, to lead the development and delivery of a Communications strategy that builds on the foundations put in place by OWML Key staff and suppliers to OWML have been identified and work is in hand to secure their services for MOSL going forwards, with no loss of continuity. An organisation structure is being developed to identify capability gaps and an HR resource has been identified to support build the necessary capability to meet the needs of MOSL and the programme. MOSL is also in the process of securing a PMO capability to drive, track and report progress.

Ofwat has increased its resources through direct recruitment for programme management and interim code panel support, and by appointing a Delivery Partner to undertake a number of key work streams including:

- Licence work
- Interim codes panel development
- Other policy issues linked to code developments

Ofwat has also run a successful recruitment for additional resources to support its customer protection work scheduled for 2015.

Ofwat is undertaking a process to recruit a Programme Director and has agreed that interim support from PA Consulting during the recruitment period, and the identified individual will enable significant continuity post transition.

Results and evidence: Ofwat has made significant changes to its level of resourcing to take on its new responsibilities and to support its deliverables. Further recruitment is still required, but the recent successful round plus the Delivery Partner appointment is a

			<p>significant shift since the Panel's assessment.</p> <p>Work in the OWML led transition group also resulted in agreement between OWML and MOSL on the transition of some key resources which has helped continuity and knowledge transfer (including to legal advisers).</p>
7	<p>Ofwat should produce a detailed and fully funded resource plan identifying key roles and the people who will fulfil those roles, particular attention being paid to the need to maintain continuity of understanding.</p>	Critical	<p>Agreed: Ofwat acknowledges that resourcing and personnel changes have been sub-optimal and that this is not sustainable, particularly with its additional responsibilities post transition.</p> <p>Action taken: As noted earlier, significant improvements to resourcing have taken place and this will improve the ability and resilience of programme resources. The Delivery Partner arrangements go beyond a simple contractual arrangement and include knowledge transfer.</p> <p>Ofwat is putting names to each of its work streams following the Delivery Partner appointment</p> <p>Results and evidence: The additional Delivery Partner and interim resources means that the resourcing and allocation of leads is mostly complete. The further recruitment activities will allow Ofwat to complete its permanent team.</p>
8	<p>The present action to identify a MOSL CEO and permanent chair needs to be brought to the earliest possible conclusion.</p>	Essential	<p>Agreed: MOSL have signalled its intention to resource its activities at all levels. See recommendation 6 response.</p> <p>Action taken: MOSL has recruited Ben Jeffs as CEO. MOSL has also appointed Peter Bucks as an independent director to provide continuity from OWML and has commenced the recruitment of other independent directors and a non-executive chair. The process for nominating directors to represent new entrants and incumbents has commenced in parallel and due to conclude in July 2015.</p>

Adam Cooper, Director
 Direct line: 0121 644 7690
 Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
 Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

9	MOSL needs to ensure that its credibility with incumbents and new entrants is actively promoted.	Essential	<p>Agreed: MOSL understands its role in representing the needs of all of its members fairly; consistent with its obligations in implementing and operating the market, and the need for transparency, fairness and even handedness in the way it operates.</p> <p>Action taken: MOSL’s articles of association preclude retail arms of incumbent water companies from being members in their own right. MOSL has now signed up all of the incumbent water companies and with 24 members is also starting to see an increasing number of applications from new entrants.</p> <p>MOSL has recruited Lesley Halford to pick up communications responsibilities from OWML and develop and deliver its communications strategy. A website has been launched and content will be added over the summer (www.mosl.co.uk).</p> <p>MOSL is also currently considering the detailed policies and processes that will best serve to demonstrate its commitment to impartial treatment of all of its members.</p> <p>In appointing Ben Jeffs as Chief Executive, MOSL recognises the importance of representing all sides of the market. Ben has direct experience in the energy market of unbundling ancillary services into separate, standalone businesses and launching them into contestable markets. He has operated a large load, non-domestic energy broker-based business at Buying Solutions and built First Utility from early stage start-up to one of the fastest growing new entrants in the energy supply market, with more than 1 million</p>

Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

			supply points. Results and evidence: As noted above.
10	<p>RMOPMG needs to implement a post-transition and programme-wide risk review, taking account of the new governance structure</p> <ul style="list-style-type: none"> To inform an integrated risk management framework, which fully reflects responsibilities assigned within the revised structure To include also cost reporting and budgetary control. 	Critical	<p>Agreed: The role of RMOMG was outlined in the response to recommendation 1.</p> <p>RMOMG has responsibility for the programme risks and the integrated risk management plans being developed at the programme level will flow upwards.</p> <p>The enhanced integrated risk framework will be used against the critical path assessment to inform RMOMG of the key areas to address in its forward work plan.</p> <p>Programme wide budget reporting will also fall to the RMOMG and be informed by PM Group activities.</p> <p>Action taken: The programme group are planning a risk workshop for work stream leads for the end of June to agree an appropriate framework and to populate an integrated risk dashboard.</p> <p>Programme wide budget estimates have been agreed and will be published following a quality assurance process.</p> <p>Results and evidence: As noted above the RMOMG group will continue to direct activities on the budget and integrated risks.</p> <p>At the programme level, the development of a programme budget during the OWML transition provided a basis for forward assessment.</p> <p>The results of the programme group risk workshop will result in an integrated risk dashboard by July.</p>
11	RMOPMG should	Essential	Agreed: An understanding of a critical path will emerge from a stronger risk framework

Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

	<p>develop a critical path and monitor progress against it.</p> <p>The programme dashboard should be further developed to include milestones and budgetary information.</p>		<p>and this can be reflected in the dashboard along with the milestones and budgets.</p> <p>Action taken: As noted for recommendation 10 on risk framework and budget.</p> <p>Results and evidence: As noted for recommendation 10, the integrated dashboard will be developed by July.</p>
12	<p>Ofwat as Programme Director should confirm arrangements for the MAP3 engagement, including leadership.</p>	Critical	<p>Agreed: RMOMG as noted owns the overall programme leadership.</p> <p>The programme level communication and engagement around the codes will cover a number of issues including code development through to September 2015.</p> <p>CEO engagement will continue with the next session planned for July.</p> <p>A number of industry workshops will also be scheduled around further work on licensing in July, with further workshops on the arrangements for Wales and small companies; revised licence application processes; and Interim supply to be scheduled for the summer.</p> <p>The fortnightly sector call run by OWML has now transferred to Ofwat and will provide an opportunity for programme leaders to provide updates and take direct questions.</p> <p>Action taken: As noted above, the communications group is part of the governance structure reporting in to the Programme Group that ultimately take its direction from RMOMG. The communications group is developing an integrated plan and communication grid by July.</p>

			<p>Results and evidence: ‘MAP3’ code development following the publication of the pre-vendor version in mid-July will be subject to change control processes of the Interim Code Panel through to market opening.</p> <p>The Interim Panel is a step change in sector engagement from the workshop- based approach to development.</p> <p>Workshops will still be used to deal with code related issues where appropriate as these will ensure that there is wide engagement across the sector including with customer groups and organisations.</p> <p>The output of any code-related workshops would still be subject to the change control processes using the interim panel.</p>
13	RMOPMG should ensure the existence of a communications plan, identifying appropriate activities across all levels of relevant organisations.	Essential	Agreed: As noted in recommendation 12.
14	RMOPMG should ensure that (at least) the current level of engagement is sustained until the target date of April 2017.	Essential	<p>Agreed: The level of engagement is essential to ensure awareness and ownership of the new market arrangements. The volume of engagement will not diminish – the area of engagement will change as the issues become more focussed on technical/operational issues or begin to involve other groups such as customers.</p> <p>Action taken: The communications group will develop the integrated communication plan and grid developed outlining the activities throughout the programme up until market</p>

Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

			<p>opening.</p> <p>Coordinated activities are important because there remains a significant call on sector participant's time and each of Defra, MOSL and Ofwat has specific deliverables that require engagement.</p> <p>Results and evidence: Coordination of workshops has already been taking place, and an integrated communications plan and grid is being developed.</p>
15	Regular programme information requires to be published on a firm timetable (by Ofwat).	Essential	<p>Agreed: The actions on developing integrated programme and communication plans along with a programme budget must be communicated on a regular basis.</p> <p>Action taken: PM group and Communication group will consider publication timetables. L1 plan already published regularly.</p> <p>Results and evidence: Level 1 integrated plan republished on 4 June 2015. Integrated level 2 plan in production with publication by July.</p>
16	It is for the Secretary of State to determine what form of readiness assurance would meet the Government's needs.	Essential	<p>Agreed: This has always been the understanding across the programme.</p> <p>Action taken: A draft assurance framework was published as an annex to MAP3. This proposed that the assurance framework was owned by RMOMG. Defra will provide advice to the Secretary of State based on this framework. The new Assurance Group will also provide a broader perspective on readiness to inform this advice. Defra are now working with other parties with a role in the assurance process to finalise the framework and process so that parties are able to provide their first report on readiness at the first milestone in autumn 2015.</p> <p>Results and evidence: The draft Assurance framework was published alongside MAP 3. RMOMG will sign off the final framework and ensure that all those involved have clarity on requirements and timetable.</p>

Adam Cooper, Director
 Direct line: 0121 644 7690
 Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
 Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

17	DEFRA and Ofwat must produce timely policy guidance to inform any remaining rules in areas of their responsibility.	Essential	<p>Agreed: Both Defra and Ofwat are aware of the desire for early understanding of many policy decisions and the key issues around exit, licence changes (including the in area trading ban) and tariffs.</p> <p>We recognise that companies are considering strategies and operational plans to be ready for market opening, and that some confidence on key issues will help those plans and in some cases reduce costs.</p> <p>Action taken: Ofwat published its licence consultation in June, which starts the discussion on a fundamental element of the required market architecture. The consultation is mainly focussed on the necessary changes to licenses and appointments to give effect to market opening.</p> <p>Defra consulted on retail exit arrangements in December 2014. It will publish draft regulations in July that will provide further clarity for companies considering their response to retail market opening</p> <p>A consultation on the draft charging guidance is expected during the summer.</p> <p>Results and evidence: Aside from the licence consultation that has already been issued, the existing Level 1 plan already outlines the dates for the further consultations dealing with the remaining policy and market architecture issues.</p>
18	Attention needs to be paid to, and responsibilities clarified for, delivery of support to companies in all aspects of market preparation. The	Essential	<p>Agreed: RMOMG will own the delivery of the overall programme of work and direct RMOPMG's efforts in support of market opening. RMOMG will adopt a programme of communication to inform participants of the timeline to market opening and progress. Letters of Assurance will be used as the principle mechanism by which all parties will assure stakeholders about their progress in meeting their responsibilities and obligations</p> <p>Action taken: An Assurance Group has been established and will decide on the use of</p>

Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

	<p>RMOPMG should decide the organisation(s) most appropriate to provide this support.</p>		<p>the assurance framework, and draft pro-forma letters of assurance provided by Deloitte.</p> <p>An organisation structure for MOSL is under development and a business plan is due to be produced for agreement by the MOSL Board in August - market readiness will be considered as part of this exercise and agreement sought with Ofwat on the division of responsibility. Work is in progress to define the principles, for agreement by RMOMG, governing the provision of support to companies in securing market readiness</p> <p>Results and evidence: Further work is required to identify the level of support, its universality and the potential support organisation(s).</p>
--	---	--	---

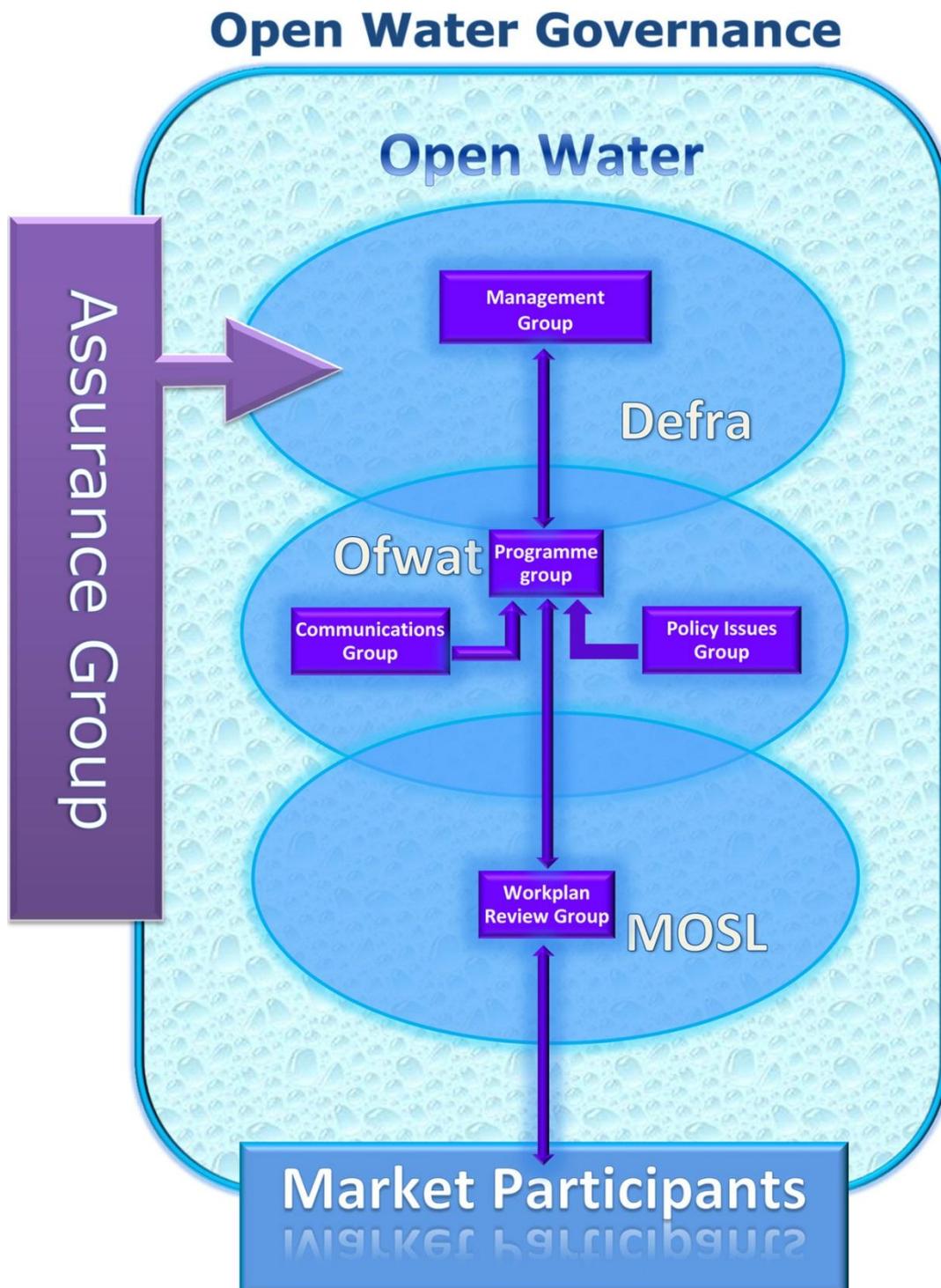
Notes:

1. Key to urgency rating:

- Critical – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately
- Essential – To increase the likelihood of a successful outcome the programme/ project should take action in the near future or by the identified date.
- Recommended – The programme/project should benefit from the uptake of this recommendation.

Appendix 2 Governance of the Open Water programme

Overview



Adam Cooper, Director
Direct line: 0121 644 7690
Ofwat, Centre City Tower, 7 Hill Street, Birmingham. B5 4UA
Email: Adam.Cooper@ofwat.gsi.gov.uk Website: www.ofwat.gov.uk

Terms of reference of decision making groups

Retail Market Opening Management Group

Chair: Sarah Hendry, Director Water and Flood Risk Management Defra

Members: Cathryn Ross, CEO Ofwat, Ben Jeffs CEO MOSL, Gabrielle Edwards Head of Water Reform Defra, Adam Cooper SRO Open Water Programme.

Frequency: Monthly (or as required)

Role: Responsible for overall programme governance and leadership. Takes the programme-level decisions required to address risks and issues and manage plans and budgets. Provides steer to Programme SRO and delegates actions to the Programme Group and resolves issues escalated via the Programme Group.

Retail Market Opening Programme Group

Chair: Adam Cooper, Senior Responsible Owner, Open Water Programme

Members: Andrew Beaver Ofwat, Michelle Ashford Ofwat, Amanda Rooney Ofwat, Holly Yates Defra, Melissa Boulter Defra, Tim Burfoot MOSL, Martin Silcock MOSL, Susie Delaney MOSL.

Frequency: Fortnightly

Role: Working-level group providing a service to the Management Group. Owns the joint Open Water Level 1 Plan, risk register and issues log. Responsible for managing change control processes and engagement with companies on the plan. Delegated responsibility to resolves issues where possible and escalate, as necessary to the Management Group. Oversight of Communications and Policy Issues Groups. Link to Workplan Review Group.

Communications Group

Chair: Nick Gammage, Interim Communication's Director Ofwat

Members: Andrew Beaver Ofwat, Simon Markell Ofwat, Michelle Ashford Ofwat, Amanda Rooney Ofwat, Holly Yates Defra, Melissa Boulter Defra, Tim Burfoot MOSL, Martin Silcock MOSL, Lesley Halford MOSL, Susie Delaney MOSL.

Frequency: Fortnightly

Role: Working level group sitting under the Programme Group, brings together all the partners to the Open Water Programme to agree a joint approach to programme communications. Escalates significant issues to the Programme Group.

Policy Issues Group

Chair: Andrew Beaver, Director of Strategy Ofwat

Members: Andrew Beaver Ofwat, Michelle Ashford Ofwat, Amanda Rooney Ofwat, Bill Easton Ofwat, Holly Yates Defra, Melissa Boulter Defra, Tim Burfoot MOSL, Martin Silcock MOSL, Susie Delaney MOSL.

Frequency: Monthly (or as required)

Role: Working level group sitting under the Programme Group, brings together all the partners to the Open Water Programme to identify and resolve policy issues in relation to market design and implementation. Escalates any significant issues to the Programme Group.

Work Plan Review Group

Chair: Martin Silcock, Leader of Market Operator and Market Assurance Workstream, MOSL

Members: Market Participants, Defra, Ofwat, MOSL

Frequency: Monthly

Role: Regular opportunity for members of the Programme Group to discuss with market participants any changes to the plan that may materially impact their activities or affect preparations for market opening. Market participants' feedback incorporated into the plan as appropriate. Issues arising are escalated to the Programme Group, Policy Issues Group or Management Group as necessary. Forum for engagement on company readiness work.

Assurance Group

Chair: TBC

Members: Government, Regulators, MOSL, Market Participants, Customers/ Customer Representatives

Frequency: Up to three times per year in line with Assurance gateways

Role: Provides support to the assurance process including advice to Defra to inform the Secretary of State's decision on readiness for market opening. Provides challenge to Government on implementation; input and scrutiny from a range of external stakeholders; and enables join-up between the UK and Scottish Governments, regulators both sides of the border, market participants and customers.