Meeting note

09:30 – 11:00 Thursday, 15 February 2024
via Microsoft Teams

BR-MeX Working Group – meeting note

This note provides a summary of the key points discussed by wholesalers, retailers and other stakeholders during the BR-MeX working meeting which took place on Thursday, 15 February 2024. We have not in this note referenced names or companies against opinions or views expressed.

The topics for discussion was the initial findings from the Retailer Measure of Experience (R-MeX) Pilot work. The accompanying slides on our website here provide further details regarding the topics discussed during the workshop.

Participants

Organisation	Participant
Ofwat	Shan Kent
	Mirena Hadzhigenov
IFF Research	Jessica Huntley-Hewitt
	Eric Reynolds
Wholesalers	
ANH	Matthew Garfield
NES	Mark Wilkinson, Angela Brown
PRT	Sam Dawson
SES	Julie-Ann Anderson
SVT	Nikki Stannard, Deborah Martin-Rerrie
TMS	David Seymour
UUW	Ben Nadel
YKY	Kate Russell
Retailers	
UKWRC (Business Stream)	Trevor Nelson

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UKWRC (Wave)	Wendy Monk
Other stakeholders	
CCW	Adam Boynes
MOSL	Samantha Webb

Overview of R-MeX Working Group session

Ofwat commenced by outlining the aims and agenda for the session and outlined a recap of the R-MeX history. IFF Research provided an overview of their approach for the BR-MeX Pilot period. IFF described the cognitive testing process and high-level findings and recommendations ahead of the pilot stage. IFF then outlined the Pilot testing process and key survey results, as well as the Pilot survey feedback & findings form the post pilot qualitative interviews. Details could be found in the slide pack alongside the link to this meeting note on Ofwat's BR-MeX webpage [here](#).

Summary of R-Mex group discussion

Scoring methodology

- Some Wholesalers expressed concerns that how many retailers respond to the R-MeX survey will affect the overall wholesaler score. IFF gave assurances that this aspect of R-MeX was duly considered, with the recognition that this was one of the key reasons to remove macros from the response spreadsheet as there were some concerns that they could impede responses; and during the Pilot the majority of retailers favoured Excel as the preferred option. Given that MOSL managed the administration of the R-MeX survey during the Pilot, IFF noted that they could not comment directly on ways to enhance response rates. IFF's discussions with retailers indicated that striking the right frequency balance is crucial: too infrequent surveys risks delays and feedback gaps, while more frequent surveys may be overwhelming. The apparent satisfaction among retailers suggests that they are indeed engaging with

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the process as intended. IFF highlighted that there was a good response rate in the Pilot wave compared to other waves in the past.

- Some Wholesalers stressed the need for a robust scoring framework. Commentary here also included that it is easier to understand the reasoning behind scores from those retailers that have a clear and robust scoring methodology in place. One Retailer noted that they have an effective internal framework in place to provide R-MeX scores and asked if IFF is considering this approach.

- IFF has found that some Retailers have implemented more developed internal systems but also noted their view that it is more appropriate for different retailers to use different methods that work for them internally without overly imposing a specific perspective. IFF went on to comment that otherwise, attempting to cover all retailers into one will get very detailed and add complexities and might even hinder retailers' ability to follow instructions closely. IFF noted that its aim has been to establish a practical and adaptable approach that ensures consistency in interpretation while allowing flexibility in internal organisation regarding scoring methods and internal decision-making.

- There was a question on whether IFF have identified patterns between small versus larger retailers as the latter have more resource in place. IFF committed to look at the spread across different retailers.

Robustness of the R-MeX survey

- One Retailer stressed the fact that the pilot largely remained unchanged, except for minor tweaks aimed at enhancing usability, provides reassurance concerning the essential soundness of the approach. However, concerns remained among some participants regarding the robustness of the survey, in particular, the sample size of the survey which is based on 17 retailers and perceptions that retailers' do not always consistently score Wholesalers (as per points above). IFF was asked if the sample size is adequate and sufficient for conducting robust assessment over a five-year period. IFF acknowledged the relatively small

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population size, particularly in comparison to other scenarios. IFF commented that the response rate from 17 out of 20 retailers is reasonably favourable, indicating a healthy level of engagement. IFF commented further that assessing the representation of the relationships between retailers and wholesalers (recognizing that each retailer may provide feedback on multiple wholesalers) is essential for a comprehensive understanding of the data. IFF noted that while not final, initial recommendations suggest robustness and effectiveness of the survey, contingent upon meeting certain thresholds. Additional caveats and suggestions may emerge post-pilot to be considered.

- Several Wholesalers shared experiences where they received lower scores from retailers regarding engagement, despite the retailers themselves not attending scheduled meetings. Some for example shared their experiences of situations where a retailer will score them down whilst quoting another wholesaler's name. Additionally, other wholesalers pointed out the subjective nature of the survey, depending on who fills it out and when it's completed. One Wholesaler highlighted a specific instance where one retailer was assigning identical scores to all wholesalers, raising questions about the fairness of such assessments and how equitable calculations will be ensured. Therefore, wholesalers raised concerns about attaching financial penalties in such circumstances, among other things expressing fears that this could strain the relationship between wholesalers and retailers.

- Some Wholesalers also shared concerns around the uncertainty regarding the individual impact of each response on the overall score for a wholesaler. Wholesalers noted that they are uncertain about how weighting factors will influence the overall BR-MeX score and its operational mechanism. Ofwat noted that decisions regarding the relative weighting of the three components in BR-MeX have not been finalised, commenting that any legitimate concerns about the robustness of the R-MeX scores will play a role in Ofwat's considerations.

- Wholesalers raised concerns that their views regarding their confidence in R-MeX and their input into the R-MeX design was not sought, as they

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take the R-MeX survey very seriously and have a lot to comment on. IFF commented that the aim of the R-MeX work had always been focused on exploring and as far as possible optimising Retailer understanding and participation in R-MeX surveys, with a view to helping to ensure that scoring of wholesalers is robust. Ofwat also commented that it welcomes wholesaler input here, for example as gathered through the BR-MeX working groups, and that we would take such feedback into account as we move to positioning the overall BR-MeX incentive mechanism and a first view of this in PR24 draft determinations.

- One Wholesaler suggested that market code requirements should be introduced to oblige all retailers to complete the R-MeX survey.

Other considerations

- Some Wholesalers noted the importance of having strong check and challenge process in place to address any perceptions of unfair scoring or concerns of subjectivity. Ofwat said that it will consider options in due course.

Next steps:

- Ofwat will take comments away for consideration, planning another R-MeX workshop to take place towards the end of March 2024.
- IFF is still considering the final recommendations from the Pilot stage. The plan is to publish Final Report, plus Guidance for the Shadow period at end of March/early April 2024
- Ofwat reminded participants that R-MeX is scheduled to run in shadow form in August 2024 and February 2025, until it becomes operational from April 2025.
- Spring 2024 - Ofwat Draft Determinations likely to include direction of travel regarding the components of BR-MeX and how these could work together to determine BR-MeX scores and outcomes for wholesalers.