Cross-sector infrastructure interactions

Annual Reporting

Guidance Note
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About this document

This guidance note forms part of the recommendations following UK Regulators Network's (UKRN) review of the experience of infrastructure businesses and others (termed 'clients') that must arrange to cross or work near the in-situ assets of regulated utilities and rail networks.

This guidance note reflects the views and preferences of respondents to our consultation of the content that should be included in an annual report on interactions. Its purpose is to assist network operators in preparing their own reports. It is not, however, a prescriptive formula for annual reporting: UKRN considers that network operators are best placed to judge the needs of clients and to present information that gives a balanced assessment of performance and planned improvement.

This guidance note will be kept under review. We would welcome suggestions, comments or questions. Please submit these through the Contact Us[1] page on the UKRN website.

About UKRN

UKRN is a network formed by the UK's economic regulators:

- The Civil Aviation Authority (CAA)

- The Financial Conduct Authority (FCA)[2]

- Office of Communications (Ofcom)

- Office of Gas and Electricity Markets (Ofgem)

- Water Services Regulation Authority (Ofwat)

- Office of Rail Regulation (ORR)

- Northern Ireland Authority for Utility Regulation (Utility Regulator)

- The Payment Systems Regulator (PSR)

Monitor, the sector regulator for health, participates in the network and its projects as appropriate. The Water Industry Commission for Scotland (WICS) and Legal Services Board (LSB) are contributing members which generally participate in projects as observers. More information can be found at www.ukrn.org.uk/.

Contributors to this document

This document has been produced by Ofgem, Ofcom, Ofwat and ORR.

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[1] Web link to the Contact Us page - http://www.ukrn.org.uk/?page_id=16
[2] Although it has competition and consumer protection functions, the FCA is not classed by HM Government as an economic regulator.

Annual reporting

Introduction

1.1. The following guidance is presented as a series of 'frequently asked questions', to support network operators in preparing an annual report covering their services and approach to cross-sector interactions. The content of this guide has been developed from stakeholders' views and consultation responses.

1.2. This recommendation follows a review of the experience of those involved in infrastructure installation or otherwise undertaking work in proximity of utility companies' assets, including those of the rail network. The review found a number of examples of good practice in management relationships with clients, but also room for improvement. In particular, we noted a need for clearer contact information, greater clarity about process, service standards and the terms and conditions of asset protection agreements and related contracts. An annual report formed one part of the recommendations UKRN identified to improve the situation for both clients and incumbent networks. For more details about the background to this recommendation and challenges faced by clients, please refer to UKRN's conclusions statement and remedies consultation.

1) What are 'cross-sector infrastructure interactions'?

1.3. We define cross-sector infrastructure interactions as the process and permissions needed from a utility or rail network operator when another person or business (termed 'clients') wishes to cross or work near the assets of that operator. This 'interaction' between client and incumbent utility network can often arise when the client is undertaking their own infrastructure development, and where existing in-situ assets must be protected or or diverted to enable the client's project to proceed. The interaction will often involve the asset developer or owner in one sector needing to cross assets of a different utility sector.

2) What is the purpose of an annual report?

1.4. An annual report is a public commitment by your organisation that you have a role to play in supporting the significant current and planned infrastructure investment across the UK. The purpose of producing a report about cross-sector interactions is to:

- take stock of progress at meeting the good practice principles and performance of services supplied to clients, principally as set out in your access statement;

- create an opportunity to engage with clients;

- identify forward looking changes or planned actions to improve interactions; and

- make a public commitment about your service standards or your on-going efforts to improve services to clients.

3) Who should produce an annual report?

1.5. We recommend that all network operators of utility and transport infrastructure that regularly enter agreements with clients to protect their own in-situ assets, and ensure safe working, should produce an annual report. This principally means the economically regulated networks with significant

geographic foot prints, in particular electricity distribution and transmission, rail networks, gas distribution and transmission, and water and sewerage networks. We also consider that roads and highways could usefully follow this recommendation.

4) How does the annual report relate to our licence duties, such as connecting new customers, other regulatory obligations (for example NRSWA), or best practice?

1.6.   The annual report is not a formal regulatory requirement. Information gathered and reported in this report does not support or form part of regulatory requirements you may have. However, network operators that already gather and publish information on related issues, such as street works or provision of connections, may find some of this information relevant or useful to include in their interactions report. Performance at meeting existing best practice standards that affect interactions with clients, for example a British Standards Institute publicly available specification (PAS)[3], may also be relevant, as may plans to join or adopt such standards in future (see 7 below).

5) Who is the annual report for?

1.7.   We consider there are four key audiences for the annual report:

- **You (network operators)** – by providing an opportunity to review and improve your own business' performance, compare yourselves with similar businesses and support a structured dialogue with clients;

- **Clients –** by providing comparative information across different network operators and sectors, but in particular by enabling clients to feedback their experiences and suggestions for improvement and understand the response to these suggestions;

- **Regulators and government –** the UKRN review of cross-sector interactions was in response to concerns with the practices of incumbent networks. These concerns reflect the important contribution infrastructure makes to economic growth. Annual reports will form part of the evidence base to judge whether industry has successfully led on a self-regulatory and proportionate response to UKRN's review; and

- **Investors and funders of infrastructure –** funders of existing or new projects may be concerned with the risks of crossing assets, the report may help to inform assessment of these risks.

6) What format should the annual report take?

1.8.   The format of annual reports is for each relevant network operator to decide. Operators should consider a number of options:

- Whether clients can be involved in any decisions on the format or content.

- Whether to develop a common format, for example through liaison with trade or professional bodies.

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[3] See the BSI's website for more details of the PAS.

- Whether to produce the report as a standalone document or integrate it with some existing reports.

1.9. Whatever decisions an operator makes it should ensure the report is visible and accessible to all relevant parties (see 5 above), and available electronically. For example, it could be published in the same place as your access statement.

7) What information should be included in an annual report?

1.10. The following table sets out recommended content for the annual report. The precise content, however, should reflect the context of your particular network, your access statement and any service or performance levels offered to clients, the good practice principles for interactions and how you have accounted for and responded to the views of clients.

The Annual Report should include…	Recommended that…
Context A description of the network operator, its network and context within which clients may cross or otherwise interact with its services. This should include legislative or regulatory obligations affecting interactions, if relevant.	Basic descriptive data is included, for example number of client enquiries or requests received and undertaken. Activities to be categorised in a way consistent with the access statement, for example: requests for network information, design/ crossing approvals, site visits or supervision, diversions, other civil works to enable the client's project.
Performance metrics A network operator's access statement may offer committed timescales or other service standards. Performance against these should be set out. For example, metrics may cover: • Time taken to respond to correspondence • Time taken to provide information • Proportion of scheduled visits successfully met • Time to complete works, diversionary, civil or other types • Complaints received, and proportion successfully resolved within relevant timescales or targets	• A network operator will need to ensure it can record information on performance if relevant • Performance measures could capture **average** performance, and the **minimum** and **maximum** limits. For example, the average days to respond to requests for network information, the shortest number of days and the longest to respond • Performance measures should indicate the **proportion** of cases that met specified service standards • Comparative or additional data – for example from performance at meeting NRSWA[4] or Connections targets could be provided or included to illustrate relative performance
Incidents/ cases of note and major projects A description of the circumstances where services to clients or performance has exceeded or fallen below the quality expected. For example, some client requests, or projects, may be very different from routine cases or have been subject to unique challenges or innovative solutions. Major incidents or projects that disrupted expected or standard services to clients can also be outlined. A brief description and assessment of the interactions	The actions taken in response to specific issues can be included, with a view as to whether these are one-off incidents or a systemic issue. Nationally significant infrastructure projects include those identified by government in the National Infrastructure Plan, including the 'top 40' projects.

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[4] The New Roads and Street Works Act (NRSWA) 1991.

The Annual Report should include…	Recommended that…
with major or nationally significant infrastructure projects, noting any particular successes or challenges resolved or in progress between the network operator and client.	
Clients' feedback Feedback from clients should be sought on at least: • Relevance and usefulness of the access statement • Success at resolving concerns, complaints or disputes and lessons learned This feedback should be clearly summarised, including any common or recurring problems or issues raised by clients as a whole.	Feedback should be gathered continuously, ideally built into the process when concluding a specific interaction or project with a client. Alternatively, the network operator can consider using a sample-based survey, meetings or regular forums or workshops. The methods used to gather feedback, types of respondent and response rate should be reported. Feedback may be assessed based on the type or size of the client, or other characteristics, or by project type in order to reflect relevant differences or impact given their different needs. Reporting on clients' feedback should respect any requests or concerns with confidentiality or commercially sensitive information. The network operator's assessment of how well the good practice principles have been met should clearly draw on the feedback from clients.
Meeting the good practice principles The report should describe how the network operator's practice is consistent with the good practices principles, including specific examples of actions taken or practices adopted that illustrate this. It should identify those issues or areas that the network operator considers did not successfully meet the principles, and reasons for this based on its own self-assessment and/or clients' views. The report should describe: • Improvements to processes undertaken to date or in progress, this could include any MoU or standardised agreements entered into with significant clients, or industry-wide practices developed or adopted (perhaps led by a trade or professional body) • **Actual or planned improvements** or changes to processes, **including changes to the access statement**, as a result of feedback from clients or self-assessment • The expected delivery dates or planned deadlines for these changes	The report should focus on those principles of particular relevance to clients: • **Principle 2: efficiency, economy and safety** • **Principle 3: Transparent process and practice** • **Principle 4: Clear, transparent and appropriate pricing** • **Principle 5: Continuous learning and best practice** The report should demonstrate how continuous learning and best practice is being adopted. This could include details of any accredited standards or schemes the network has adopted that improve service to clients, such as a relevant BSI PAS. The operator could explain how it plans to assess its own performance against its peers, and the 'best in class' where appropriate or possible. This could include arranging for external audit or review of the functions / performance of services to clients.
Key changes to process The network operator should describe any plans to implement changes to its processes or practices in the coming 12 months	Core documentation should be changed in a timely manner, and made easily available to clients. Where appropriate, this should include: • A revised access statement • Revised model or standard contract terms • Schedules of fees or charges

The Annual Report should include…	Recommended that…
This should include **clear implementation dates** for changes to process or practices, if available.	• Revisions to charging method

8) What if we want to publish additional or different information?

1.11. Network operators may draw on any information they think relevant that supports the purpose of this report (see 2 above).

9) What else should we do to prepare for our annual report?

1.12. Arrangements to collect performance and other relevant data should be put in place to make the report easier to complete. The views of clients can be collected through an on-going process, integrated into the communications that already take place.

10) How do we ensure the report is proportionate?

1.13. We consider network operators are best placed to judge the length or detail of a report given its purpose (2 above), its audience (5 above) and the recommended content (7 above). Scope and formatting of reports could be tested, in particular with clients or through trade and professional bodies. If a network operator has relatively few interactions with clients, and considers that any report would be disproportionate, we recommend that the reasons for this are shared with clients and their views considered before a final decision is made. The network operator should publish a clear explanation of why it is not producing a report on its website.

11) By when (and how often) should the annual report be published?

1.14. We recommend that a report is published no later than 31 December 2016, 12 months after we recommend that access statements are published. The report should be easy to find and published electronically, for example hosted on your website alongside your access statement and available as a document download. The report should be published annually.

12) What happens if we choose not to publish an annual report?

1.15. We expect all regulated network operators will publish a report, subject to proportionality. Although this is not compulsory, the industry response will form part of the evidence that UKRN draws on to assess the success of this self-regulatory approach in its follow-up review.