

Licence Compliance Monitoring Framework

New approach to compliance monitoring and
reporting



Kevin Shields

Executive Director

***Consumer Protection,
Enforcement & Markets***



Itinerary for morning

- **9.30-10.00** - Registration (coffee/tea)
- **10.00-10.05** – Welcome
Kevin Shiels, *Executive Director, Consumer Protection, Enforcement & Markets*
- **10.05-10.35** – Overview of the New Licence Compliance Monitoring Framework
Barbara Cantley, *Director, Consumer Protection and Enforcement*
- **10.35-10.50** - Break
- **10.50-11.20** – Instruction and demonstration of SoLC template
Barbara Stevenson, *Head of Compliance and Enforcement*
- **11.20-11.30** – Close



Introduction

- We set out our vision for protecting consumers on the way to net zero in our **new Corporate Strategy 2024 – 2029**. This strategy emphasises that the companies we regulate should aim to be the best, raising the bar on the services they provide to consumers both in terms of customer service and consumer protection.
- In support of the delivery of our Corporate Strategy, we published our **Forward Work Programme (FWP) 2024/2025** at the end of March 2024. In this document, we signalled that we would be undertaking a project to design and deliver a new robust, consistent, and proportionate compliance monitoring and reporting framework for all licensees.
- On 10 September 2024, we published **our new and enhanced compliance monitoring framework**. Today's information session follows on from this publication, to provide further instructions and guidance on the new framework and licensee requirements.



Barbara Cantley

***Director of Consumer
Protection & Enforcement***



How did we get here?

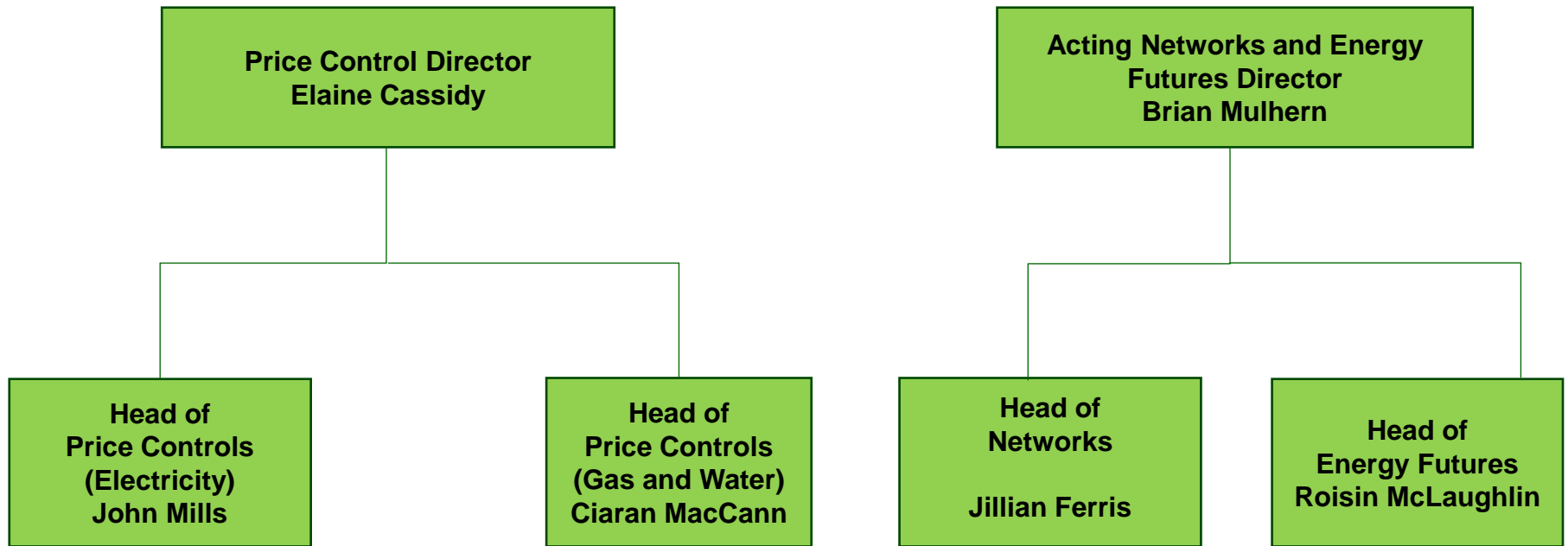
- Restructuring of organisation included a new, separate Compliance and Enforcement (C&E) Team.
- Operations teams remain the technical subject matter experts and experts on the licences.
- C&E Team is a team of subject matter experts in the areas of legislation, enforcement and quality assurance.
- Together they work together to ensure a holistic approach to compliance monitoring.



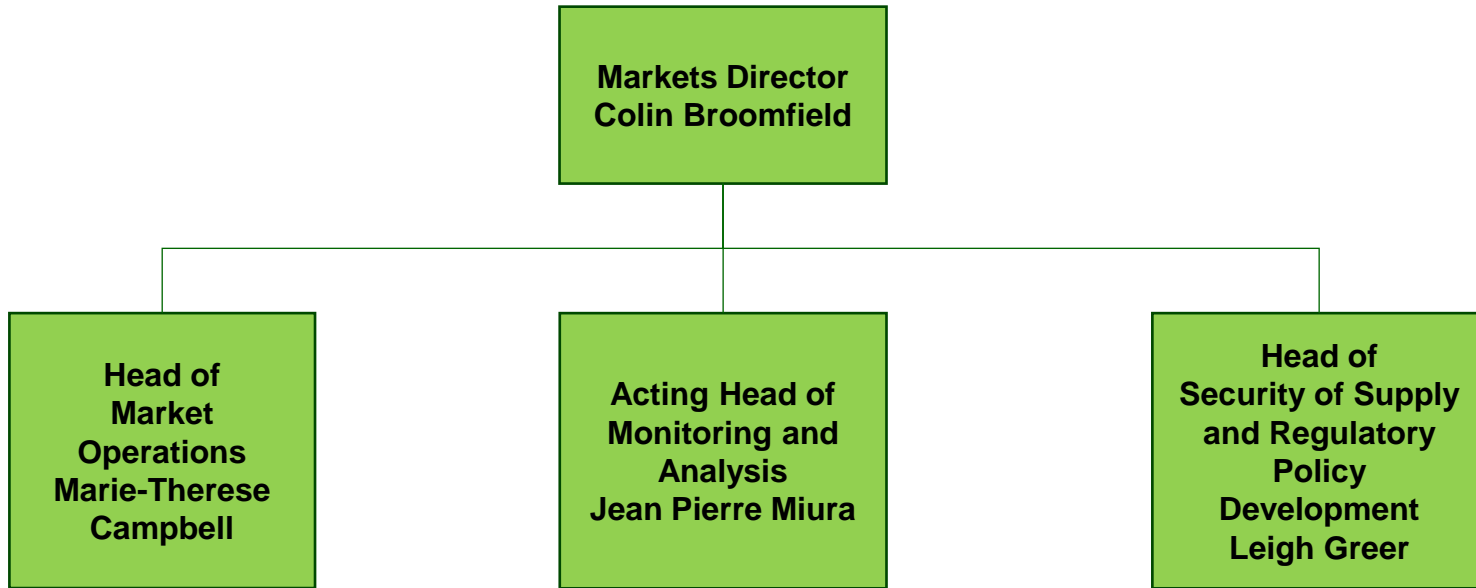
Who are the operations teams?



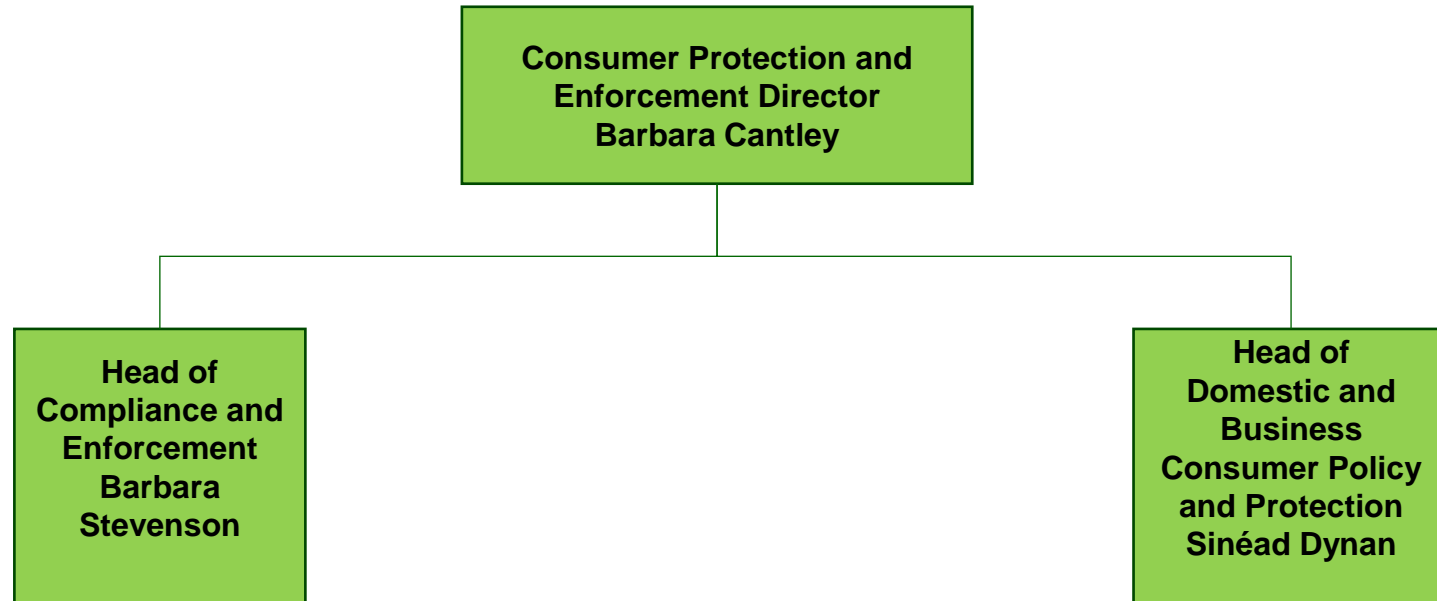
Price Controls, Networks and Energy Futures



Markets



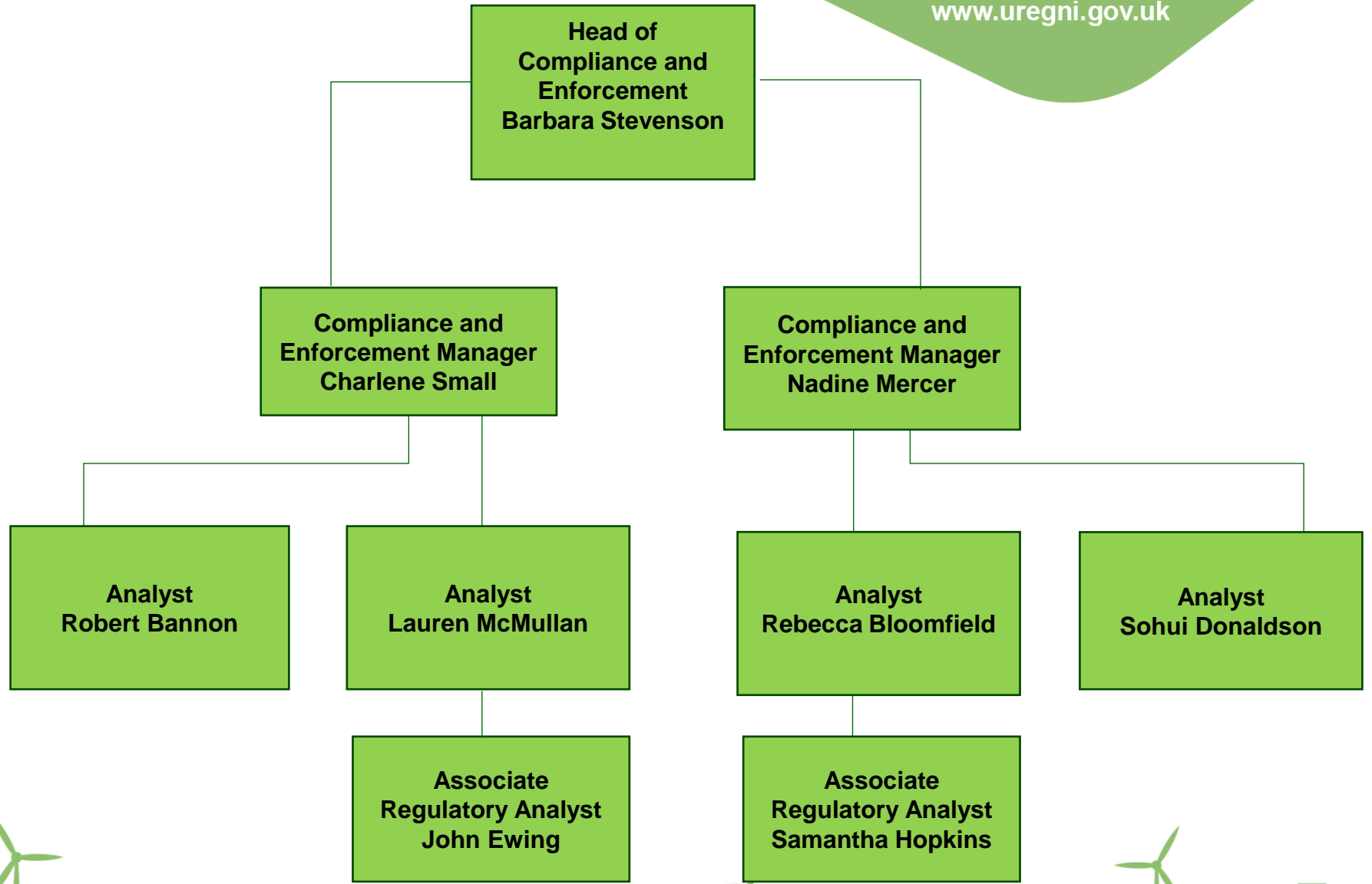
Consumer Protection and Enforcement



Who are the Compliance and Enforcement Team?



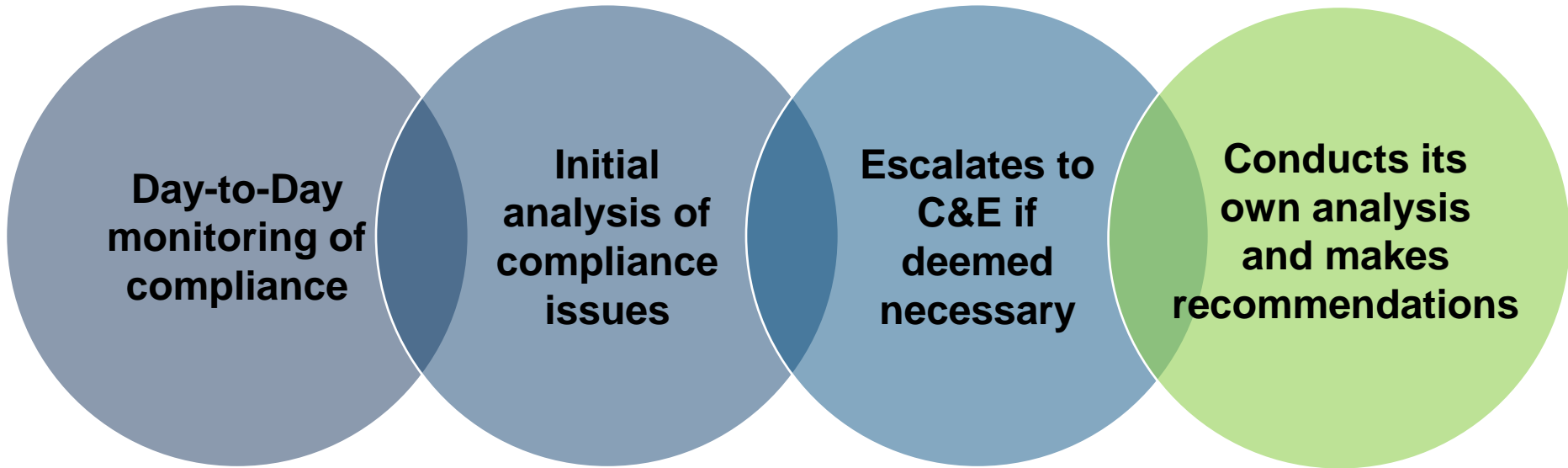
Compliance and Enforcement



How do they work together in the new Framework?



Cross-directorate approach



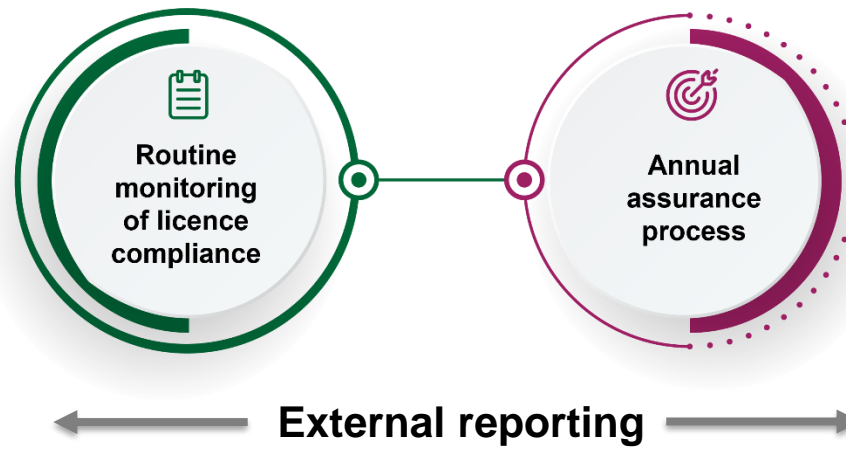
 Operations teams

 C&E Team



Licence monitoring compliance framework

- Two core pillars:
 - 1) Routine monitoring of licence compliance; and
 - 2) Annual assurance process known as the Statement of Licence Compliance (SoLC).
- An external reporting regime underpins both pillars.



Routine monitoring




- It is the **responsibility of all licensees** to ensure compliance with their licence(s) at all times. This responsibility extends to notifying us promptly at the earliest available opportunity of any issues that affect compliance with licence obligations throughout the year - whether through circumstance, accident, or design.
- We aim to work with licensees on any areas of potential non-compliance to ensure the consumer impact is minimised and compliance can resume at the earliest opportunity. This approach requires the licensee to **proactively engage** with us on any such issues as they arise and identify the steps and action they will take or have already taken to remedy the matter.



Compliance pro forma

General Compliance Pro Forma
Version: 002
Date Issued: 10/01/2024



Compliance Pro Forma

- This must be completed **in full** for all relevant instances of non-compliance.
- Where possible, please provide exact figures and dates. This will help to ensure the issue is sufficiently documented.
- Any supporting documentation/evidence can be included as attachments alongside this submission or embedded into the pro forma template below.

Company name	
Date reported to UR	
Relevant licence condition (and sub-condition if applicable)	
Overview Please provide a brief description of the compliance issue. This should be a high-level summary that does not exceed more than a few sentences.	
Date identified by licensee	Click or tap to enter a date.
Compliance issue details Please include relevant <u>specific</u> detail in relation to the compliance issue. This should include as a minimum: <ul style="list-style-type: none"> How the issue arose / you became aware of the issue The cause of the issue The extent and timeframe of the issue, including (where relevant) the number of any customers affected Any associated impacts / secondary consequences 	
Compliance plan The below sections must include clear and comprehensive information on the solution identified and implemented. Compliance Plans for live/ongoing issues must include details of how and when the licensee intends to become compliant with the licence requirement.	
Corrective actions Please give clear information on the steps undertaken/proposed to rectify the issue and resume compliance. You should also include timelines (indicative or otherwise) for the completion of associated works.	
Date compliance resumed / Date compliance will resume	Click or tap to enter a date.
Preventative actions Please provide any measures that you have put in place to try and prevent this issue from reoccurring. You should also include timelines (indicative or otherwise) for the completion of associated works.	

Note: Information provided under this return may also be used by the UR in the exercise of the functions conferred upon us by Article 50(1)(b) of the Electricity (NI) Order 1992, Article 27(1)(b) of the Gas (NI) Order 1996 and Articles 60(1) and (2) of the Water and Sewerage Services (NI) Order 2006.

- In addition to notifying us of a potential compliance issue, licensees will be expected to complete a compliance pro forma. The pro forma should provide details of the issue, associated impacts, the cause of the issue and subsequent corrective/preventative actions. The licensee should also record when compliance resumed/will resume.
- We will **engage with licensees** to address any relevant points of clarification and identify if any further action is necessary.



Case Study: Late submission of Regulatory Accounts



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<p>Preventative actions</p> <p>Please provide any measures that you have put in place to try and prevent this issue from reoccurring. You should also include timelines (indicative or otherwise) for the completion of associated works.</p>	

Overview: tell us (in brief) what the compliance issue is

Date identified: this is the date that you identified the issue, not when you think it occurred.

Compliance issue details: provide specific details on how the issue arose, how you identified, the cause, how long the issue has been occurring etc. The more detail, the better.



Compliance Pro Forma	
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Compliance plan section:

Corrective Action: how you are fixing the issue, along with specific plans for delivery

Date compliance resumed: The actual date compliance resumed. If compliance resumption not possible by the time of submission of form, an estimate. Resubmit the form when your estimated date has been realised.

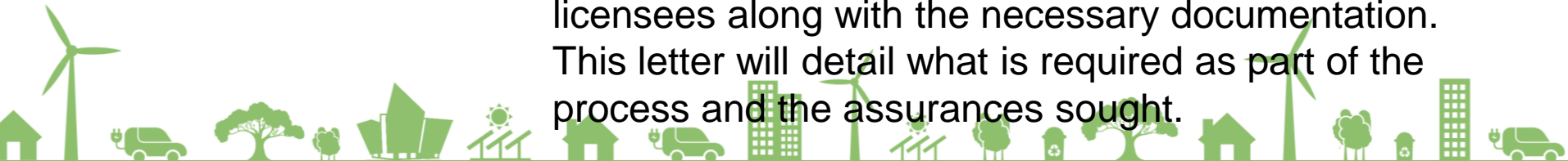
Preventative Action: your plans to ensure the same issue will not arise in the future.



Annual Statement of Licence Compliance (SoLC)



- The annual assurance process (SoLC) is a formalised sign off for each licensee where they declare their overall compliance with their licence during the previous calendar year (January-December).
- The compliance pro formas completed during the routine compliance monitoring and reporting process will feed into the annual SoLC process.
- **A licensee should not wait until the annual assurance process to make us aware of a compliance issue.**
- Each December we will issue an initiation letter to licensees along with the necessary documentation. This letter will detail what is required as part of the process and the assurances sought.



SoLC timeline

UR issues annual SoLC letter to licensees in December with templates for completion.

Licensees to submit SoLC return by the end of February.

UR Review and Engagement period with licensees from March – June.

Submission of final revised annual return and submission of assurance letter by end of July deadline.



Documentation

SoLC Template

- Licensees will be provided with a template which reflects the contents of their licence.
- The licensee will indicate compliance with each condition by marking themselves as Compliant, Compliance Issue or NA.
- For each compliance issue recorded, the licensee must complete a compliance pro forma.
- The licensee should provide any supplementary information relevant to certain conditions within the licence (if applicable).

Annual assurance letter

- This letter includes a declaration that the company is currently compliant with its licence in accordance with the SoLC for the period covered by the SoLC only.
- This letter should include information on any compliance issues recorded during the reporting period.
- This letter is required to be signed by the CEO/ Managing Director level within the company.
- The letter should be submitted alongside the final SoLC submission.



External reporting



- This will help to deliver further **transparency** in the markets we regulate and ensure consumers and stakeholders alike are suitably informed in relation to the compliance and enforcement activity we undertake.
- It will include details of both the routine and annual compliance monitoring processes as well as any relevant audit activity. We will provide a summary of relevant enforcement activity that can be published in accordance with our Enforcement Procedure.
- The report will be published following the completion of the annual assurance process with the first report expected in **Autumn 2025**. We will discuss the report format and contents with stakeholders prior to publication.



Questions?

Break 10.35 – 10.50



A demonstration on how to complete the SoLC

Barbara Stevenson
***Head of Compliance and
Enforcement***



Next Steps

- A timeline of next steps for the 2024 reporting period (January to December 2024) is outlined below:

Ongoing	Routine monitoring and reporting of compliance issues has commenced.
Start December 2024	SoLC initiation letters issued and submission period opens.
End February 2025	SoLC submission deadline and engagement starts with UR to end of May 2025.
July 2025	Engagement completed and assurance letter submitted by licensee. SoLC process completed.

- We welcome and encourage ongoing engagement from all licensees throughout the implementation of the new framework. If you need to contact us for clarification, please email compliance.enforcement@uregni.gov.uk.



Thank you

