UKRN Annual Report and 2019/20 Work Plan

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1. Foreword from Jonathan Oxley, UKRN CEO

Welcome to the UKRN's annual report and 2019/20 work programme, in which we set out what we achieved in 2018/19 and how we will build on this to improve outcomes for consumers and the economy across the sectors we regulate.

The past year has been a successful one for UKRN. We published guidelines on power of attorney for use across the telecoms, water, energy and financial services markets in England and Wales, helping make life easier for consumers at what can be an intensely difficult and stressful time in people's lives. We brought regulators together, sharing learning and best practice, through events on a wide range of issues, including innovation, fairness, investment, resilience, tackling the gender pay gap and at our biggest ever annual conference focused on data, innovation and consumers in vulnerable circumstances. We worked as part of the Digital Framework Task Group, putting the ground work in place to enable cross-sector sharing of infrastructure data, which will bring a wide range of benefits, including improvements in performance, resilience and planning across sectors. We have also continued to work closely with Ofgem, Ofwat and water and energy companies on rolling out priority service register data sharing, ensuring more people in vulnerable circumstances get the support they need.

2019/20 will build on these successes. We are expanding the network and are delighted to welcome two new members to the UKRN: The Information Commissioners Office and The Pension Regulator. We look forward to working with both organisations and welcome the insight and expertise they will bring.

We are also setting out ambitious plans for further collaboration across a wide-ranging programme of work organised around two key themes: vulnerability and infrastructure and investment.

Understanding the needs of consumers in vulnerable circumstances is a core part of delivering fair outcomes and is a central to our work at the UKRN. Our work on vulnerability will build on our existing projects. However, we are also launching a new, substantial cross-sector project to understand, and improve outcomes for, consumers in vulnerable circumstances, details of which are set out in this document. To deliver this, our members have committed considerable additional resources to the UKRN, demonstrating the commitment of regulators to work collaboratively in this area.

For our sectors to be able to deliver for all consumers, including those experiencing vulnerability, it is also crucial that there is sufficient investment to enable them to deliver good, reliable services now, and to innovate and invest for the future. Identifying where we can work together to facilitate this, and how we work with investors, consumer representatives and others to ensure our sectors can secure investment to meet both the current and future needs of consumers is therefore the second pillar of our work plan.

Working collaboratively across these issues is key to delivering good outcomes for consumers. And collaboration is also important for ensuring that we understand and are able to respond to the ways in which our sectors are changing, including how they are being transformed by cross-cutting issues like data; how we can encourage innovation and ensure that it is harnessed as a force for good; and how debates about fairness, nationalisation or the structure of the regulatory system play out across our sectors. The issues we face as regulators are challenging, but by working together, both with each other and with our stakeholders, we can achieve more than we can alone.

I look forward to another year of successful collaboration.

Jonathan Oxley

Chief Executive, UKRN

2. About the UKRN

The UK Regulators' Network brings regulators together for the benefit of consumers and the economy.

Our members

We have thirteen member regulators, covering a wide range of sectors and issues, including transport, utilities and financial services. In 2019 the Information Commissioners' Office (ICO) and The Pensions' Regulator (TPR) join the UKRN as our twelfth and thirteenth members. We welcome our new members and the opportunities this brings for further collaboration. We look forward to working with the ICO to bring the benefits of data to consumers while ensuring they remain protected and with TPR to extend our cooperation across and insight into financial services sectors, ensuring pensions consumers are well served.

CAA

FCA

FRC

ICO

LSB

Ofcom

Ofgem

Ofwat

ORR

PSR

SSRO

The Pensions' Regulator

The Utility Regulator Northern Ireland

How we work

The UKRN was established by our members in 2014 and has developed strong relationships and a culture of collaboration and learning. We work together to share knowledge, explore cross-cutting issues and build better ways of working, including by:

- Bringing together colleagues from member regulators to deliver projects which consider common issues across the sectors we regulate.
- Liaising with government and external stakeholders to inform and contribute to policy debates and cross-sector issues affecting multiple regulators.
- Facilitating events and discussions of topical issues with external audiences and in collaboration with partners.
- Facilitating networks, which foster links across our members and provide expert input into our projects and work areas.

The work of the UKRN is overseen by Jonathan Oxley, the new UKRN Chief Executive and Group Director of Competition and Executive Board Member at Ofcom, who took up the role in December 2018. Jonathan Chairs the UKRN CEOs group, who provide oversight of the work of the UKRN, with day to day governance provided by the UKRN senior representatives group, which includes representatives from each of our members.

The UKRN is funded by member fees and staffed by a small central office, which provides coordination for collaborative projects, manages the networks, engages with key stakeholders and provides secretariat support for the UKRN governance functions. All staff are seconded from UKRN members. Members also provide additional resources in the form of staff time allocated to projects, networks and events; meeting rooms; and event venues and support.

3. Looking back – what we achieved in 2018/19

Our 2018/19 work programme was focused around four cross cutting areas: innovation friendly regulation; resilient sectors; consumer fairness; and better ways of working together. Below we set out what we achieved in 2018/19 under each of these areas.

Innovation friendly regulation

Data sharing across energy and water

The UKRN has, in collaboration with Ofgem and Ofwat, been working with water and energy companies on data sharing to ensure companies are better able to identify and support consumers in vulnerable circumstances. Safe and secure sharing of data across water and energy companies, with customer consent, can reduce the burden on consumers in vulnerable circumstances and enable companies to offer them seamless priority support. In November we published a report showing energy and water companies are making progress in putting this kind of data sharing in place and are on track to roll this out across energy and water companies in England and Wales in 2020. However, continued focus will be required to overcome challenges around customer consent, staff training and data quality. In March, Water UK and ENA published their response to the report, setting out the key milestones to England and Wales roll out. UKRN, Ofgem and Ofwat continue to support the project, and UKRN is exploring whether lessons from the project can be rolled out to other sectors, including telecoms.

Infrastructure data sharing

The UKRN has been inputting into the work of the Digital Framework Task Group (DFTG) on sharing of infrastructure data, including feeding in to the drafting of the DFTG's Gemini Principles. In addition to UKRN office staff sitting on DFTG and working groups to influence the approach, we have organised a series of sessions with regulators, DFTG colleagues, and industry representatives to explore current approaches and opportunities for, and barriers to, expanding data sharing. A report setting out our findings will be published in Summer 2019. Future work is planned to explore the extent of regulators' current powers to facilitate data sharing.

The Regulators Pioneer Fund

UKRN engaged closely with the Department for Business, Energy and Industrial Strategy (BEIS)/BRE in the run up to the launch of the first Regulators Pioneer Fund competition, working with regulators to keep them informed about the process and encourage cross-regulatory submissions. UKRN continues to sit on the BRE led Regulators Innovation Network and support collaborative working in this space via our Networks.

Regulating for The Future - a joint UKRN/Whitehall Industry Group Event
In February a joint UKRN/WIG workshop brought together government, regulators, industry innovators and other stakeholders to discuss how regulators can facilitate and encourage industry innovation for the benefit of consumers and the economy. Discussion focused on what tools are available to regulators and government, whether a joined-up approach across regulators is required and how the Department for Business, Energy and Industrial Strategy's Regulators' Pioneer Fund is supporting innovation.

Response to consultation on innovation in regulated utilities
UKRN responded to the government's consultation on encouraging innovation in regulated utilities. Our response stressed the role of regulators in supporting and encouraging innovation, while also ensuring consumers are protected. We also pointed to the need for regulators to adapt to respond to new business models and ways of doing things. We suggested ways in which government may be able to support regulators in their work to promote innovation as well as noting the key role played by the UKRN in bringing regulators together to share best practice and experience on encouraging innovation.

Digital Comparison Tools
We have been working with a subset of UKRN members to address the Competition and Market Authority (CMA)'s collective recommendations to regulators on **Digital Comparison Tools (DCTs)** following their market study into this area. We have provided a forum, through regular project group meetings and supporting communication, for those regulators to share approaches and best practice to support their implementation of the CMA's recommendations.

Anticipatory regulation
UKRN have been liaising with Nesta on their work on anticipatory regulation, including through a UKRN strategy network session exploring their thinking and recommendations.

Promoting resilient sectors

Cost of capital
In June 2018 we published the annual Cost of Capital report. This provides information on cost of capital decisions taken by regulators over the previous year, allowing comparison across sectors and with decisions in previous years.

We also published the 2018 UKRN Position paper on inflation indices. This was a response to important developments in inflation measurement in recent years, most notably the Retail Prices Index (RPI) losing its status as a National Statistic in 2013 and the work of the Office of National Statistics to develop new inflation indices, including its new lead measure of inflation, the CPIH. The paper summarises the background and sets out the range of issues

that regulators need to consider. It includes an annex summarising how each of the economic regulators currently uses inflation and their proposals for change.

UKRN engagement with investors

In June 2018 the UK Regulators Network and the Long-Term Infrastructure Investors Association (LTIIA) jointly held a third conference on UK infrastructure regulation. The half-day event brought together UK regulators, institutional investors in UK infrastructure, fund managers, multilateral institutions, advisers and industry bodies to discuss the challenges of affordability, changing consumer expectations and legitimacy, the socioeconomic value of private investment, the evolution of governance, and how to align investors and regulators in their expectations of data and transparency.

UKRN Strategic Seminar on Resilience and Black Sky Hazard

In December we held a joint Strategy, Infrastructure and Resilience and Cyber Security Network seminar on resilience, bringing together our networks with Resilience First, Lord Toby Harris and the Cabinet Office Civil Contingencies Secretariat to explore the role of regulators and other stakeholders in the event of a 'black sky hazard'.

Promoting fairness for all consumers

Power of Attorney Guidelines

We have been working closely with regulators and the Office for the Public Guardian to develop a set of **consistent guidelines on power of attorney** for use across the telecoms, water, energy and financial services markets. This will help deliver an easier, and more consistent experience for consumers across these sectors, at what is inevitably a difficult and stressful time for those affected. We have conducted extensive consultation across industry and consumer groups to ensure the guidance is sensitive to the different regulatory contexts and meets the needs of consumers, consumer advocates and frontline staff. The guidelines were published in May 2019.

Best practice and minimum standards for consumers

We have been working to identify existing best practise and develop agreed minimum standards for consumers in vulnerable circumstances. We have been working with a range of experts as we develop this work, including organising workshops with Scope, Money and Mental Health. A publication setting out how regulators will be taking this forward will be published in Autumn 2019.

Fairness workshops

In June and November 2018 the UKRN and the institute for public policy research (ippr) held working sessions bringing together regulators, consumer representatives and think tanks for a discussion on how fairness should be defined and how approaches to regulation and ownership could address issues of fairness.

UKRN and Whitehall & Industry Group Seminar on Regulatory Enforcement

In June UKRN and the Whitehall Industry Group organised a workshop to explore how changing markets are impacting regulatory enforcement. The event brought together regulators, regulated industries, lawyers and consumer representatives, with speakers from BEIS, Ofgem, Ofcom, CMA and Citizens Advice. It looked at the challenges and opportunities facing public enforcement to protect the collective interests of consumers; whether regulators' enforcement powers and approaches are still fit for purpose; and how we can address the challenges and capitalise on the opportunities brought by new market dynamics to deliver the best outcomes for customers.

Working better together

UKRN annual conference

Our UKRN annual conference took place in April 2018, bringing together 120 representatives from the UKRN's member regulators, government departments, think tanks, consumer groups and other stakeholders. Our April 2019 conference, focused on data, innovation and consumers in vulnerable circumstances and brought together nearly 150 attendees to explore how regulators can improve outcomes for these consumers.

UKRN Diversity Network Event on Tackling the Gender Pay Gap

This February event was hosted by Ofcom and introduced by Jonathan Oxley, Chief Executive of the UK Regulators Network. It focused on approaches to tackling the gender pay gap and was opened by a keynote presentation from Tamara Kaye, Head of Women in Leadership at Sky. This was followed by a panel discussion with senior colleagues from Ofcom, Ofgem and the FCA.

Working through our networks

The UKRN also brings together colleagues from across members to share experiences, identify challenges and share best practice. We have over twenty networks, bringing colleagues together from a wide range of operational and policy disciplines, including two new networks for 2018/19 – the legal knowledge sharing network and the junior lawyers network.

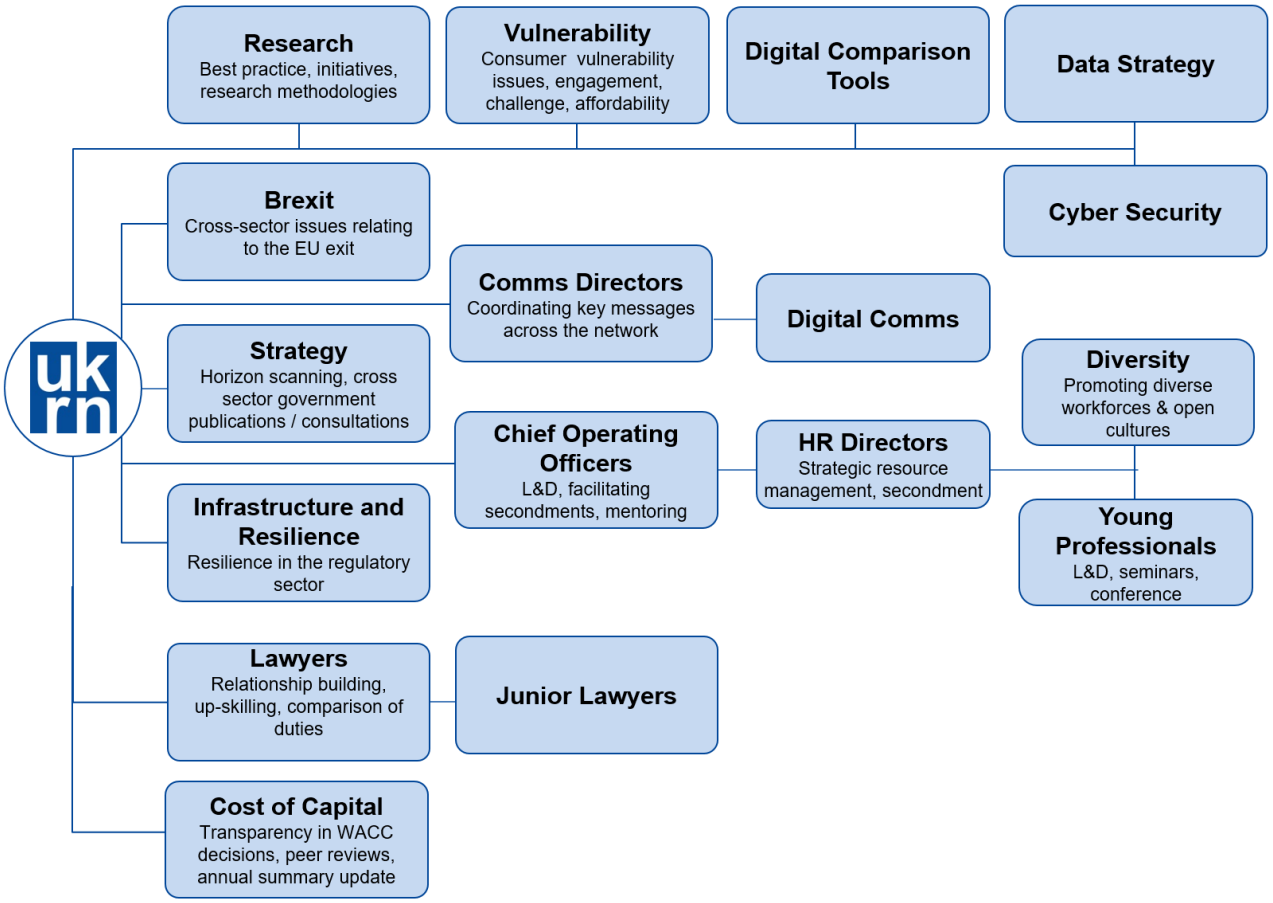
Internal information sharing includes members presenting on key projects or initiatives and providing detail on lessons learned. These are frequent and wide ranging, but illustrative examples include presentations from the FCA on its cross-sectoral sandbox and on open banking, Ofgem on its vulnerability strategy and on its micro-business work programme, the ORR on successful prosecution under section 20 powers[1], Ofwat on its approach to new price controls for the water sector; and Ofcom on migration to cloud computing.

[1] Inspection and enforcement powers granted to the ORR under the Health and Safety at Work Act.

Sharing resources

UKRN members currently run a programme of shared training, commissioned and run by individual regulators and open to all colleagues. Topics include cost of capital, access regulation, spreadsheet modelling and benchmarking. UKRN has also facilitated cross regulator secondments, and the cost of capital network will be exploring the possibilities for further sharing of resources across the relevant regulators.

Fig.1 UKRN Networks 2018/19 and continuing 2019/20



4. Increasing our commitment

As regulators we are working in a fast-changing environment in which there are wide ranging challenges that need to be addressed.

Consumers do not always find it easy to engage in markets to secure the best deals. In particular there is increasing recognition that markets do not always work well for consumers in vulnerable circumstances.

At the same time data and AI provide the opportunity for huge innovation that could bring great benefits for consumers, but they also pose risks for consumers' privacy and for the ways in which consumers are able to navigate the market.

And our infrastructure will need to be transformed to meet the demands posed by climate change and population expansion and to keep pace with innovation, creating a considerable investment challenge and potentially putting pressure on prices.

The UKRN was set up as a forum for just this kind of collaborative approach. The format has worked well. We have learned from each other, we have developed ways of sharing resources – for instance through our shared training and secondment programmes – and we have delivered projects together that are improving outcomes for consumers across our sectors. However, we also recognise that the nature of the challenges we currently face means we need to do more.

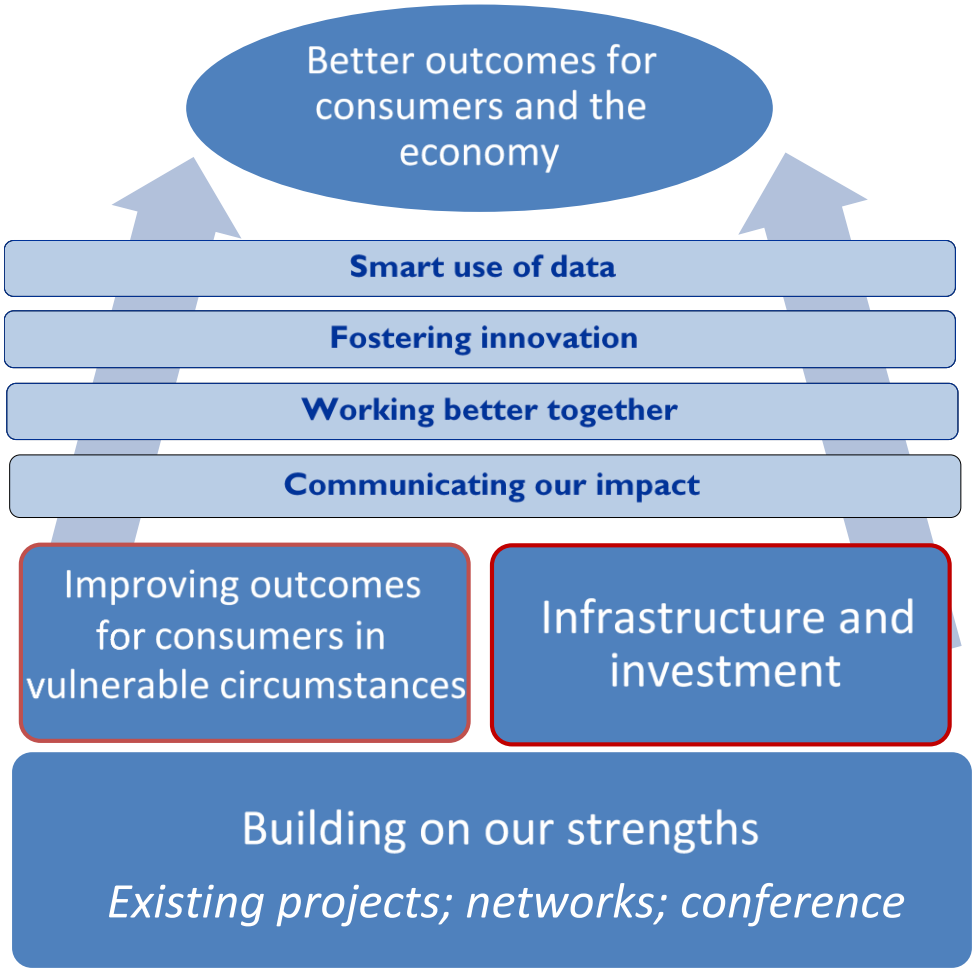
That is why, in the 2018 Budget Statement, regulators committed to increasing the resourcing for and commitment to the UKRN. This is in addition to leading a new, significant cross-sector project to understand and improve outcomes for consumers in vulnerable circumstances. More detail on this project is set out below.

Members have therefore agreed a fee increase of 25% across all members. Members are also contributing additional funding and staff, in addition to the fee increase, to resource the cross-sector vulnerability project. In total, regulators have contributed an increase on 2018/19 resources of c.£475,000, demonstrating their commitment to increased collaboration.

5. Looking ahead – approach for 2019/20

The UKRN's 2019/20 work programme reflects the challenges facing regulators and is organised around two key pillars: consumers in vulnerable circumstances and infrastructure and investment. Several key themes sit across both pillars.

Figure 1: UKRN 2019/20 work programme: proposed approach



Pillar one: consumers in vulnerable circumstances

New cross sector project on vulnerability

Understanding and meeting the needs of consumers in vulnerable circumstances is a central part of our work at the UKRN and is one of the two key pillars of our 2019/20 work plan.

Our new project will be taking a practical, outcomes focused approach, ensuring we complement and build on the work already being done by regulators. It will create space to share ideas, identify best practice, learn from each other and work out how we embed that

knowledge, innovation and learning in practical ways across our members. The project will be split into three parts.

1. **A vulnerability audit**. This work has already begun and will bring together existing activity and thinking on vulnerability across the different sectors. This will ensure we are able to build on, rather than duplicate, the work we are already doing and share the insight and understanding from that work across our members and key stakeholders. A key output from the audit will be a vulnerability focused event in 2019.

2. **Making our data work harder.** Most of the UKRN members already conduct consumer research to understand the issues consumers face in their sectors. We will be bringing together the insight from those research studies to see what we can learn about how these issues map across sectors. This work is designed to deliver insight quickly through analysis of existing data. We will also be supporting the work of CMA and regulators to explore the potential for data matching to generate longer term value.

3. **Maximising the impact of intermediaries**. The third phase will build on what we have learnt and will seek to understand what interventions work to improve outcomes for consumers in vulnerable circumstances and how these can be implemented across sectors. It will include a focus on the role of smart data and AI.

This work will complement existing commitments from our 2018/19 work programme that the UKRN will deliver during 2019/20. While we will be taking a phased approach to the work, we will retain flexibility to allow us to respond to emerging issues and priorities.

Priority services data sharing

We have, in collaboration with Ofgem and Ofwat, been working with water and energy companies on data sharing to ensure companies are better able to identify and support consumers in vulnerable circumstances. Work to deliver **priority services data sharing** between energy networks and water companies across England and Wales remains on track to be delivered in 2020. This will mean not only that more consumers who are eligible will be signed up to get the support they need, but also that consumers only have to go through that process once, saving consumers time and making the process less stressful. We will continue to support the energy and water companies in achieving this goal and are currently exploring the feasibility of extending this work to the telecoms sector.

Performance metrics

Work is ongoing on scoping common **performance metrics** across the water, energy, telecoms and financial services sectors, with UKRN coordinating work to think through which metrics are most meaningful to consumers for each sector and how best to collate these. An options paper setting out next steps will be published in Summer 2019.

Best practise and minimum standards for consumers in vulnerable circumstances
We have been working with a range of experts as we develop this work, including Scope, Money and Mental Health and Citizens Advice. A publication setting out how regulators will be taking this forward will be published in 2019.

Pillar two: increasing collaboration on infrastructure and investment

Our members are already taking wide-ranging action to deliver on various infrastructure and investment challenges across our sectors, working with government, industry and other stakeholders. We also recognise the importance of working together on these issues. As part of our focus on infrastructure and investment we will therefore be:

Coordinating our approach to infrastructure investment and deployment
Running a series of working seminars with accompanying papers exploring key issues where a more coordinated approach to infrastructure investment and deployment would bring benefits and identifying the actions required to make this happen. We will be kicking off this work with a project exploring how to overcome barriers to those seeking to gain access to utilities infrastructure for telecoms high capacity network deployment.

Working with investors
Holding a series of UKRN events with the investment community to identify key challenges to securing future investment and how regulators, investors and others can work together to overcome these.

Working together on approaches to cost of capital
This includes sharing experiences and knowledge, peer reviewing members work, shared cost of capital training across the regulators and an annual UKRN cost of capital report. In 2019/20 we will also be looking in detail at areas where regulators' approaches to cost of capital should be further aligned.

Sharing infrastructure data
We will also continue the work begun in 2018/19 on sharing of infrastructure data. We will continue to participate in the work of the Digital Framework Task Group (DFTG), and in 2019 will be producing a report reflecting input from regulators, DFTG colleagues, and industry representatives on opportunities for and barriers to expanding data sharing. Future work is planned to explore the extent to which regulators' current powers allow them to facilitate data sharing.