Direct Dial: 0141 331 6007
Email: Lesley.nugent@ofgem.gov.uk
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Dear Colleague

Publication of code administrators' performance survey

Today we have published the findings of the first cross-code survey on code administrators' performance. This is an important step in the understanding of the role that the code administrators play in the governance framework of the gas and electricity markets. In particular, in respect of how this role should develop given the expected changes to the market arrangements in the coming years.

The main objectives of the survey[1] are to:

- identify best practice in how the code administrators are carrying out their role; and
- collect research data on the nature of the service, its efficacy and levels of satisfaction, as well as the nature of any particular issues.

This letter sets out the background to the survey and our expectations on next steps.

Background

On 31 March 2016, we published our Code Governance Review (Phase 3) (CGR3) Final Proposals,[2] including our decision that Ofgem should commission[3] an independent third party to undertake a cross-code survey on code administrators' performance.[4]

Following a competitive tender process we commissioned Future Thinking, an independent research agency, to undertake the survey. Future Thinking has now undertaken the survey, during which there were over 200 participants.[5] We are grateful to those of you who were contacted by Future Thinking, and were willing to share your views by participating in the survey. We have today published the results of the survey on our website.[6]

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[1] We would note that both the codes themselves and the code administrators have varying characteristics including in terms of their remit, size and budget. The objective of the survey is not to compare performance across the codes and the code administrators, but to identify best practice.

[2] https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals

[3] Ofgem would commission the independent third party, and in accordance with the current arrangements under the codes, the code administrators would pay for the survey.

[4] Alongside our Final Proposals, we consulted separately on some specific issues relating to code administration reporting metrics and performance surveys.
https://www.ofgem.gov.uk/system/files/docs/2016/03/code_governance_review_phase_3_final_proposals_consul tation_on_surveys_and_metrics.pdf.
On 9 June we published a letter setting out the next steps, including that we would begin the process to appoint the party to undertake the survey
https://www.ofgem.gov.uk/system/files/docs/2016/06/code_governance_review_phase_3_-_final_proposals_-_next_steps_on_surveys_and_metrics.pdf.

[5] The fieldwork for the survey took place during the period October 2016 to February 2017.

[6] https://www.ofgem.gov.uk/publications-and-updates/code-administrators-performance-survey-findings

Next steps

Following the publication of the results of the survey, we encourage all interested parties to review the findings and to ensure the areas of best practice are shared and implemented by the code administrators. We note that there are a number of 'quick wins', some of which are already happening. We also encourage the code administrators to consider individually how they may be able to implement recommendations and, where appropriate, to consider how as a group recommendations could be implemented.

We will engage with code administrators on the most appropriate process for undertaking future independent, cross-code surveys.

Finally, we will also be taking into account the recommendations as we implement the CMA's code governance remedies.

Yours sincerely

Lesley Nugent
Head of Industry Codes and Licensing