Systematization of the Operational Code - recommendations for development

(Including closure of CMA Strategic Plan action 5(b) – bilateral transactions)

1. Background

The CMA Strategic Plan 2022-24 includes the action: "Offer systematization of bilateral transactions", the approach to discharging this being to consider the technical requirements of such a system and to develop a proof of concept. The idea of systematizing the Operational Code has been considered by the Technical Panel periodically since the early years of the market but was most recently highlighted by the success of MOSL's Bilaterals Project. It was thought that, as a minimum, equivalent functionality should be provided in Scotland, for the benefit of participants and customers.

Scottish Water has for several years operated a self-service portal that gives effect to many aspects of the Operational Code. Over the past year, Scottish Water has consulted with the market to establish how that portal could be improved. Following discussions with Scottish Water, CMA has agreed to use its investigation work as a consultation response, to inform potential approaches to Scottish Water's development of the existing self-service portal, rather than offer an alternative system to the market.

This note provides an indication of some of the ideas that have resulted from CMA's investigations. These have the status of suggestions only, the merits of which can be assessed by Scottish Water and the Licensed Providers, albeit that the feasibility of their delivery has been fully confirmed.

2. Key indicative proposals

- The system should provide comprehensive coverage of the Operational Code – i.e. all 40 processes in the Operational Code should be systematized. Interactions between Scottish Water and Licensed Providers could be delivered through transactions, equivalent to those used by the Central Systems in systematizing the Market Code.

- The system should be built around the user, with a configurable dashboard allowing operators to manage and keep track of their work, for example, with clear visibility of tasks requiring urgent attention. At the level of individual cases, the user should be able to easily track their progress and identify their next action. The system should provide map and calendar views, allowing users to manage appointments and site visits.

- With appropriate security in place, the system could also allow customers to track the progress of their service requests, equivalent to the way they would track the delivery of a package or a passport application. This could be at the discretion of the customer's Licensed Provider, which could choose to grant a system view appropriate to the needs and capabilities of their customer.

- The system should provide fully integrated communications, including both 'within app' messaging and an email storage and management system.

- Development of the system should cause minimal disruption to existing arrangements, so far as possible respecting technical interfaces that participants have in place and accumulated understanding at the user level.

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- The system should be capable of providing data on operational performance to the Market Health Checker. This could be a participant's compliance with each requirement within an Operational Code process (meaning all commitments to take a specified action and all commitments to take actions within a specified timeframe), compliance for the complete process, or compliance in aggregate across all processes. A new entrant's performance could be measured against that of existing Licensed Providers as a gauge of their operational viability and need for discussion with the Market Health Checker.

- To provide re-assurance to participants, and potentially the Market Health Checker, on the reliability of the data provided by the system, we recommend that it should be subject to an annual ISAE (international Standard on Assurance Engagements) 3000 audit. Over the years, this approach has proved to be a cost-effective way of confirming the accuracy of the Central Systems, or providing transparency around any issues that have arisen, in terms of its transactions and calculations.

A basic mock-up of how these features could be included in an operational system can be viewed at:

https://www.cmascotland.com/publications/consultation-responses/

CMA would be happy to provide a more detailed explanation of the ideas contained in the mock-up to any interested participants. CMA is mindful that, as well as technical viability, feasibility encompasses an assessment of the cost and effort of delivery; to that end, calibrating from the delivery of the Technology Refresh, we estimate that a system could be delivered over the course of 12 months at a cost of less than £1m.

Assuming that all existing arrangements for integration were replicated, no participant would need to change its system to continue with the existing level of functionality. If participants wanted, or needed, to utilize additional functionality, including through APIs, they would need to consider their integration costs.

CMA will continue to share thoughts with Scottish Water on how the existing self-service portal can be developed to the benefit of participants and customers.