

1. Introduction

This report is for the year to 31 March 2021, as required by Standard Licence Condition 31B of Forbury Assets Limited's (FAL) Electricity Distribution Licence. The report summarises the licensee's compliance with the Relevant Requirements and provides an update on the implementation of the practices, procedures, and systems adopted in accordance with the Statement of Compliance which is published on FAL's website. In addition, the report details the activities of the Business Compliance Officer (BCO) throughout the year including reference to any investigative work he has undertaken. As such this report should be read in conjunction with the current FAL Statement of Compliance and the Compliance Officer's Report (provided by Andy Austin of SSE Group Compliance, our Business Separation Compliance Officer), both of which are published on our website.

Weekly calls are held between the IDNO Management Team and their Corporate support representatives from Regulation, Legal, Assurance and Compliance.

2. Compliance with the Relevant Requirements

2.1 Review Work

FAL has demonstrated compliance with licence condition 31B through the business separation review work undertaken by the Compliance Officer, Group Compliance and SSE Enterprise Business Assurance during 2020/21. The Group Compliance function is independent of the operations of FAL, reporting directly into the General Counsel directorate (as part of Corporate Services) of the SSE Group. Enterprise Assurance sits within the Enterprise business and is the principal function used by the business to ensure compliance with the general and business separation licence obligations.

The Group Compliance team has undertaken an annual review of FAL Business Separation. This review identified three recommendations and four observations. Whilst such issues increase the risk of non-compliance, it is not considered they give rise to any actual problems; the points raised have been considered by FAL to ensure they are acted upon timeously and appropriately.

This review work has shown that the practices, procedures and systems in FAL supporting the statement of compliance have been fully implemented in the business's first year of operation.

2.2 Managerial and Operational Independence

FAL is a wholly owned subsidiary of SSE Enterprise Limited, which itself is part of the SSE plc group of companies. FAL's status as a separate legal entity under SSE Enterprise provides an appropriate structure for separation. The FAL board currently comprises of three executive directors and one secretary who are sufficiently independent from any relevant undertakings.

Absolute separation from the wider SSE Enterprise directorate would not be consistent with SSE shareholder and stewardship responsibilities. However, systems, procedures and structures have been implemented and continued to operate to ensure the key objectives of separation have been met. In particular the group and SSE Enterprise structure has allowed effective managerial and operational independence within the group strategic plan.

2.3 Systems and Confidential Information

FAL has implemented new IT systems as part of their commencement of trading as an IDNO. FAL's IT systems have not been audited in the first year of operation because new systems have been developed specifically for FAL and are operated independently from any relevant undertaking. Business Separation and the requirement to restrict access to confidential information have been considered through the implementation of these new IT systems.

Service Level Agreements are in place with other Group companies for certain functions. SSE places emphasis on confidentiality and Business Separation clauses in intergroup Service Level Agreements.

2.4 Branding

FAL's policy is to maintain a separate identity from Relevant Undertakings. This is reinforced in the marketplace through the branding of the FAL information on the SSE Enterprise Website. There are currently no publications or vehicles using FAL as a brand.

The BCO is satisfied that branding is in keeping with group policy and consistent with the need to separately identify FAL within the marketplace. This will continue to be monitored in the following 12 months as the business develops and changes in its parent company are implemented.

2.5 Staff Transfers

FAL has a formal process for managing transfers of staff to or from Relevant Undertakings. During the year 2020-21 there were no such transfers.

3. Breach Reporting and Complaints

There is an established procedure within the SSE Enterprise Assurance team whereby any breach reports or complaints received will be advised to the BCO setting out the investigation work being undertaken. The BCO will review details of the Assurance response to the complaint and any remedial action taken or proposed. The BCO will then consider if he needs to undertake his own investigation.

There have been no complaints of a Business Separation nature notified this year.

4. Staff Training

Business Separation training is delivered at two levels, with group wide Business Separation e-learning supplemented by FAL-specific aspects for identified individuals. FAL-specific Business Separation training is provided to all FAL staff and to those in SSE Enterprise and Corporate roles whose work brings them into contact with FAL and FAL's activities.

Completion of Business Separation training is mandatory for all those who have been specifically identified. The FAL training package is currently being enhanced to incorporate eLearning. Current training is expected to be completed by all relevant FAL, SSE Enterprise and Corporate personnel annually. Completion statistics are monitored regularly by the Enterprise assurance team and shared with the IDNO management team. This ensures that training is completed, and action taken where training has not been undertaken within the required time scales.

As at 31st March 2021 all relevant employees have undertaken the training.

5. Contact

Queries relating to this report should be addressed to:

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