

# Revisions to the internal DCC Business Case for the Switching Programme up to May 2019

Switching Programme - Smart DCC



<b>Version:</b>	<b>v1.0</b>
<b>Date:</b>	<b>28/09/2018</b>
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<b>Classification:</b>	<b>DCC Public</b>

## Document Control Heading

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## Table of Contents

<b>1</b>	<b>Background to this revision .....</b>	<b>4</b>
<b>2</b>	<b>Changes .....</b>	<b>4</b>
	2.1 Re-planning Enactment .....	4
	2.2 DBT Preparation .....	5
	2.3 Operational Readiness and the DSP .....	5
<b>3</b>	<b>Conclusion .....</b>	<b>6</b>
	<b>Appendix A – Overview of revised costs .....</b>	<b>7</b>

## 1 Background to this revision

This revised Internal DCC Business Case for the Switching Programme now reflects the full requirements for the period from July 2018 to May 2019 (Ofgem define this as the 'Enactment' Phase) against the latest design baseline and a number of decisions on DCC's role made by Ofgem earlier this year. This schedule sets out key changes to the resourcing and approach that DCC has developed so that it can better deliver the Enactment Phase and prepare for the subsequent Design, Build and Test (DBT) Phase.

There are two main drivers of change:

- Internal reviews of the DCC approach to the programme, including the balance between project management and technical skills. The schedule confirms the continuation and discontinuation of some roles as well as additional roles. In doing this, the programme is changing the balance away from contractors towards more permanent DCC staffing.
- Ofgem's in-principle decision (published in March 2018) that DCC will lead Design, Build and Test (DBT) starting in May 2019, means that preparatory activity in the lead up to DBT now needs to be resourced. No provision for this was included in the previously published [Internal DCC Business Case](#).

This schedule does not cover DBT phase resourcing, but in part does start to shape a DBT structure to operate from May 2019. A new and full Internal DCC Business Case for the Switching Programme will be developed and agreed later this year between DCC and Ofgem, subject to the position being confirmed through Ofgem's consultation. DCC's approach to resourcing DBT will maintain a distinction from wider Smart Meter programmes in DCC. This is designed to ensure that the Switching resource is not reallocated due to an urgent need in another area.

DCC manage the programme on the basis of ex-post price control. The programme has delivered significant efficiencies when compared to previous baseline stage cost estimates. Design Baseline (DB)1 (the Blueprint Phase) resulted in a cost estimate of £24m (covering April 2017-May 2019), whilst DB2 reduced to an estimated £17m. With this schedule, the overall cost estimate for the time period would reduce further to £16.4m, including reduced contingency.

## 2 Changes

As well as covering the additional requirement to prepare for DBT ahead of May 2019, we have considered where changes can be made across the whole plan given developments and adjustments in our approach.

### 2.1 Re-planning Enactment

Having completed the Detailed Level Specification stage to time, moving into the Enactment phase clearly changes the emphasis from design to delivery. The DCC has gone through an extensive re-planning process to identify the activities required and the resources needed to support all activities in the Enactment phase up to May 2019.

- Reduced Programme Management Office function (reflecting a change in the approach across DCC);

- Placed key programme areas under the leadership of Programme Managers, who each having responsibility for leading the delivery against objectives in sub-programmes;
- Refocussed technical and design roles into a smaller Design Integrity Function.

The net result of these changes is a relatively small reduction in the previously planned resourcing for Enactment. A table of cost changes is included at Appendix A.

## 2.2 DBT Preparation

As stated previously, there is an in-principle decision that DCC will have its Licence amended and go further than procuring service providers to actually manage progress through Design, Build and Test and early years of operation. Although DBT does not start until May 2019, preparation needs to commence approximately six months ahead to ensure readiness across a number of areas. This is new activity requiring additional capacity and often different skill sets. The revision covers the following new roles:

- DBT and SI readiness;
- Switching Test Manager;
- Testing services lead;
- DBT Service Delivery Managers;
- Integration Analysts;
- SI Onboarding;
- Test Assurance;
- Interface Architect.

Again, these roles are clearly allocated specifically for Switching. DCC has a matrix management structure that enables us to respond to requests for additional resourcing, from for example SMETS1 or 2, which does not impact on Switching given its high priority.

## 2.3 Operational Readiness and the DSP

We have also developed a DCC Operational readiness team, including an Operations Lead, Enterprise Architect, and responsibility for acceptance to service, which has largely been developed through deploying existing Switching team members.

The Switching Programme has implications for the existing Data Service Provider (DSP) as well as several existing service providers whose planning and preparation can now commence.

## 3 Conclusion

This revised Internal DCC Business Case for the Switching Programme demonstrates continued efficiencies and sets out the additional resources required to ensure success on this high-profile programme. The proposal was developed following extensive engagement

with functional leads in DCC to test assumptions, and to also remain consistent with resourcing in comparable programmes. As with all DCC costs, all expenditure will be subject to ex-post plus price control assessment by Ofgem.

## Appendix A – Overview of revised costs

(Programme resourcing has been considered through to May 2019 (start of DBT), but the presentation below reflects Regulatory Years.)

### Smart DCC Switching Programme Annual Costs

Financial Year	2016/17	2017/18	2018/19	2019/20	DB4 Rebaseline		DB2 Rebaseline	
	Actual	Actual	Forecast	Forecast	Programme Total		Programme Total	
	£k	£k	£k	£k	£k		£k	
Total Revenue	2,365	4,607	8,364	1,056	16,394		17,266	
Staff Costs	814	1,841	4,236	685	7,576		6,528	
Non-Staff Costs	1,088	1,863	1,738	14	4,703		4,300	
Total Costs	1,902	3,704	5,974	699	12,279		10,828	
Contingency	0	0	750	150	900		3,174	
Overhead *	181	352	639	81	1,252		1,274	
Grand Total	2,082	4,056	7,363	930	14,431		15,275	
Margin	283	552	1,001	126	1,963		1,991	
Total inc margin	2,365	4,607	8,364	1,056	16,394		17,266	

\* Covers the shared services fee and must be justified through price control.  
This table does not include External Costs.  
Published numbers in the indicative Charging Statement for Switching include cost estimates for DBT – those costs are not included in this Internak DCC Business Case