

Conclusion on the Business Handover Plan

Conclusion to the
consultation on the DCC
Business Handover Plan
(Version 16)

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1. Background and context

1.1. Purpose of this document

1. The purpose of this document is to conclude on the Data Communications Company's (DCC's) recent consultation on the Business Handover Plan (BHP). We have amended the BHP following stakeholder feedback received via the industry consultation and engagement with customers. The updated version (v17) which is attached to this document has been submitted to the Authority (Ofgem) for approval.

1.2. Background

2. Smart DCC Limited (DCC) is a wholly owned subsidiary of Capita Business Services Limited and was granted the Smart Meter Communication Licence (the Licence) by the Department of Energy and Climate Change (DECC)¹ on 23 September 2013. DCC operates under the conditions of its Licence and is regulated by Ofgem.
3. DCC provides the shared smart metering communications infrastructure that allows energy suppliers, network operators and other authorised users to communicate with smart meters. These activities are collectively defined under the Licence as the "Authorised Business" of DCC.
4. DCC's initial term as Licensee was due to expire on 22 September 2025, but on 20 September 2024 Ofgem notified its decision to extend the Licence for an additional term of 24 months until 22 September 2027².
5. Ofgem has indicated its intention to undertake a competitive process to appoint a new Licensee ('the Successor Licensee'). A new Licence will be granted and there will be a period of mobilisation and handover between DCC and the Successor Licensee where the two licences are running in parallel (although only one Licensee will be responsible for the Authorised Business at any one time).
6. The appointment of the Successor Licensee is expected to be confirmed in Q1 2026 and we expect the commencement of the handover period will be no later than the beginning of Q2 2026³. Ofgem has also indicated that the transfer of the Authorised Business to the Successor Licensee will occur in Quarter 4 2026.

1.3. Business Handover Plan (BHP)

7. Condition 43 of the Licence sets out provisions governing the arrangements for the handover of the Authorised Business. This includes an obligation on DCC to prepare a Business Handover Plan (BHP), seek stakeholder views on it and then submit it to Ofgem for approval.
8. The BHP is the critical foundation for: DCC's handover programme planning; business readiness preparations; input to the Ofgem Licence tender process; and provision of clarity, confidence and assurance to industry stakeholders. The primary objectives are:
 - To set out the DCC's methodology for achieving an orderly and successful handover of the Authorised Business on the expiry or revocation of the Licence
 - To provide a viable transition and exit approach that will be the basis of detailed transition and exit planning upon the commencement of a Handover Period

¹ Predecessor of the Department for Energy Security and Net Zero (DESNZ)

² [Decision on the continuation of the Smart Meter Communication Licence and the rate of Shared Service Charge and Baseline Margin | Ofgem](#)

³ Calendar Year

- To demonstrate to Ofgem and DCC stakeholders that the DCC's method to transition and exit from the Licence will not impact business operations during business handover.
9. DCC first consulted industry on the BHP (version 12) in December 2023¹. Following the consultation and review of responses, DCC provided an updated version of the BHP (v13) to Ofgem in April 2024 for its approval. DCC has been further working with Ofgem to review and update the BHP.

1.4. Areas on which DCC consulted

10. We updated the BHP following the feedback received to the initial consultation and further clarifications from Ofgem. We published this consultation on 7 March 2025 and sought views on an updated version of the BHP (version 16).
11. The consultation document² provided an overview of the key feedback, updates and considerations that have informed the changes to the BHP we consulted on last year and signposted key elements we were seeking views on. The three key changes reflected in BHP (v16) were:
- Capita will 'Transfer of Undertakings (Protection of Employment)' (TUPE) staff from Capita Business Services into Smart DCC. This will be concluded prior to Licence Award
 - The Successor Licensee may or may not have the ability to provide corporate services – the DCC should plan on the basis that they do, but develop mitigation plans in case they do not
 - Complete the business transfer by the end of 2026 at the latest. If the successor licensee is unable to provide corporate services and the DCC is only informed of this at the point of licence award, then this date will not be achievable.

1.5. Consultation responses and next steps

12. The consultation closed on Friday 4 April 2025. Following the consultation, we held a webinar on Thursday 10 April 2025 with industry to provide a further overview of the BHP, the responses we received to the consultation and the next steps to update the plan. We also invited stakeholders to provide any further feedback during this session.
13. Based on stakeholder feedback, DCC has updated the BHP in order to submit it to Ofgem for approval. On 8 April 2025, Ofgem directed the DCC to revise the Business Handover Plan under Licence Condition 43 Part C 43.11 and submit it to Ofgem, with further requested information, by no later than the 28 April 2025.
14. DCC has submitted this conclusions report, the updated version of the BHP (version 17) and the requested information to Ofgem for approval on 28 April 2025.

¹ [Business Handover Plan | Smart DCC](#)

² [Consultation on Business Handover Plan \(Version 16\) | Smart DCC](#)

2. Analysis of responses

15. DCC received four written responses to this consultation: two from Large Suppliers and two from industry code bodies.
16. DCC has analysed the feedback provided. This section sets out the overview of the responses received to the consultation and DCC's response.

2.1. Question 1

17. DCC sought views on the approach to corporate services and mitigating risk of the Successor Licensee not having any or some.

Q1

Do you agree with our approach as to how we are proceeding with in relation to mitigating the risk of the Successor Licensee not having the corporate services and still maintaining the timeline of November 2026? Are there any other ways that we could do this? Please provide your rationale.

Stakeholder views

18. The majority of respondents overall agreed with the approach set out in the BHP (v16).
19. Two respondents did not have any further comments on DCC's approach, with one respondent stating that they agreed.
20. One respondent appreciated DCC's proactive approach in initiating a procurement award to mitigate the risk of the Successor Licensee being unable to deliver corporate services but recognised the risk of nugatory spend if the successor licensee already has adequate services in place. They noted it is important that DCC maintains a laser focus on cost efficiency during the handover period. The respondent recommended that it be left to Ofgem to determine whether other bidders have existing corporate service capabilities and, if potential successor licensees demonstrate they have adequate services in place, DCC could forgo these procurement plans, reducing unnecessary spend.
21. One respondent considered the risks, assumptions and dependencies defined in the BHP were not very well articulated and mitigation activities were unclear. They highlighted it is unclear what the mitigation actions are, the responsible owner of the mitigation, the timeline for action and the level of impact. The respondent noted it would be beneficial for DCC to share their RAID log for the Business Handover Programme, if DCC are seeking a considered analysis of its approach.
22. The respondent further acknowledged that it is difficult to mitigate the specific risk associated with corporate services but highlighted that if there is the option to engage with Capita for continuity of some corporate services, and those options can be discussed between the preferred Successor Licensee and Capita in good time, then this seems a good initial mitigation. They concluded that the suggested approach to incorporating checkpoints to manage activity and avoid nugatory spend is a fair approach.

DCC response

23. DCC appreciates the comments recognising the risk and views on mitigation. We note that the BHP sets out the approach to risk and issue management rather than setting out the risks, issues and mitigations themselves. Risk and issues will be maintained and updated in the BHP Risk Register, a BHP Subsidiary Document, which will be shared regularly with the Joint Handover Steering Group (JHSG).
24. We recognise that it is important that industry stakeholders are updated on key risks and mitigations and therefore we have further updated section 6.4 of the BHP to clarify that the updates provided to SEC Panel will include this information.

25. Based on the feedback received we have not made any changes to the proposed approach in relation to the corporate services dependencies and mitigating risks of the Successor Licensee not having the corporate services and still maintaining the timeline of November 2026.

2.2. Question 2

26. DCC sought views on any alternative approaches to avoid nugatory spend on corporate services.

Q2

In relation to the approach of mitigating the risk of the Successor Licensee not having the corporate services are there any other ways that nugatory spend can be avoided other than the checkpoints that have been proposed? Please provide your rationale.

Stakeholder views

27. All of the respondents agreed with the approach outlined in the BHP noting the proposed checkpoints appears sensible and appropriate to assess whether any preparatory work is required for corporate services. No alternative approaches were suggested.
28. One respondent noted that Ofgem is responsible for the review of the bidders and eventual award of the licence. They considered Ofgem should be checking with the prospective bidders to gather insights on their corporate service abilities/to demonstrate that they have adequate services in place.

DCC response

29. DCC notes that since the consultation, Ofgem has published its Expression of Interest¹ for the Successor Licence to seek information about prospective licence applicants. This includes information to assist DCC and industry's preparedness for business handover such as transitional and internal capabilities. We welcome this information being sought and continued collaboration with Ofgem to avoid nugatory spend.
30. Based on the feedback received, we have not made any changes to the BHP in relation to the approach or proposed checkpoints.

2.3. Question 3

31. DCC sought views on any stakeholder concerns in relation to Capita Separation and employee transfer.

Q3

Are there other concerns or considerations that you wish to highlight in relation to the anticipated timeline for the potential Capita separation and employee transfer? Please indicate any areas and provide your rationale.

Stakeholder views

32. Two of the consultation respondents and one webinar attendee provided additional comments and considerations in relation to employee transfer.
33. One respondent questioned whether DCC has suitable notice periods in place for employees supporting the Authorised Business (particularly for those in critical roles), such that the Successor

¹ [Expression of Interest in the new Smart Meter Communication Licence | Ofgem](#)

Licensee is not hampered by the loss of resources critical to the handover and ongoing delivery of services.

34. Another respondent raised concerns in relation to the potential loss of key DCC resources due to the additional distraction of a two phased Transfer of Undertakings (Protection of Employment) (TUPE) from Capita to DCC and then to the Successor Licensee. The respondent noted they understood the requirement of this approach but suggested it would be beneficial to know more about this process and how DCC are planning to communicate positively with DCC staff. They highlighted it is in SEC Parties interest that the move to the Successor Licensee has as little disruption and creates the least concern possible to the current DCC team and therefore they are interested in understanding staff engagement plans.
35. During the webinar we also received a question in relation to employee pensions and whether they will be transferred, noting it was not mentioned in the BHP consulted upon.
36. Furthermore, one respondent provided a suggestion in relation to the capita separation. They proposed that whilst the existing (DCC1) Board are in place, the Successor Licensee is granted the ability to have an observer attend all Board meetings to observe and learn, as part of the handover process.

DCC Response

37. DCC has a retention strategy for all critical roles which has been shared with Ofgem as part of the BHP. We also have a robust and extensive communications plan which incorporates messaging that will seek to ensure that the teams feel secure and reassured.
38. Staff transfer will be subject to TUPE regulations which protect employees' rights when they transfer to a new employer.
39. To support Board continuity the present proposal is that DCC are putting in place arrangements for the Sufficiently Independent Directors (SIDs) who sit to the DCC Board to transition to the Successor Licensee Board if applicable. In addition, there are provisions in place to support knowledge transfer arrangements from the DCC Board to the Successor Licensee Board.

2.4. Question 4

40. DCC sought views on the independence criteria for the Chair of the JHSG.

Q4

Please let us know of any specific criteria stakeholders feel are relevant to the appointment of the independent Chair?

Stakeholder views

41. Three of the respondents suggested that there should be some form of restriction on how recently the Chair has worked for Capita, DCC, a service provider or a potential bidder for the successor licence. Three periods of time were suggested: 12 months, 24 months and 60 months.
42. One respondent stated that the independence criteria should not be so onerous as to restrict industry candidates from being the Chair if the Smart Energy Code Company were to enter the Selection Process for the Successor Licence.
43. One respondent suggested that the Chair should be accountable to Ofgem/DESNZ rather than DCC. Another suggested that the Chair should be appointed by either the Smart Energy Code Company or Ofgem. This respondent also suggested that the JHSG cannot be quorate without attendance of the Successor Licensee.

DCC Response

44. We recognise the desire to ensure independence through limiting how recently the Chair could have worked for an industry participant, DCC or Capita. However, we also believe that the challenging activities and timeline to achieve business handover to meet Ofgem's overall timeline requires specific knowledge of DCC. The proposed restrictions would make it extremely hard to find a suitable candidate. We are working with Ofgem to agree a way forward.
45. We also note the comments on the Chair being accountable to Ofgem/DESNZ, and the suggestion that Ofgem should appoint the Chair. These are matters for Ofgem and the Department, and we do not comment on them in this document.

2.5. Question 5

46. DCC requested views on the role of independent assurance.

Q5

With the added provision for the JHSG to have an independent Chair, do you also see a requirement for the JHSG to commission targeted independent reviews/assurance as appropriate, or will the incorporation of the independent Chair satisfy this requirement? If you do also see a need, please do provide your view of the roles and responsibilities between the independent Chair and the targeted independent assurance

Stakeholder views

47. Three of the four respondents were in favour of the JHSG being able to commission independent assurance reviews. One of these respondents questioned whether Ofgem or DESNZ would be able to commission independent assurance, and where decision-making authority to commission assurance lay. Another suggested that the JHSG should be capable of supporting requests for assurance from other stakeholders – such as the SEC Panel.
48. One respondent reiterated its concern that industry participants would not automatically be members of the JHSG, and that they should have clear insight into the JHSG's activities.

DCC Response

49. We agree with most respondents that there would be value in the JHSG commissioning independent assurance reports to support an efficient and effective business handover and reduce the risk of issues occurring. For example, assuring DCC's achievement of the readiness criteria for business handover would have significant merit.
50. There is nothing in the JHSG terms of reference that would prevent industry participants requesting additional assurance. One of the main functions of the JHSG would be to report regularly to industry forums, in particular the SEC Panel, on progress against the BHP. We recommend the JHSG uses these forums to ensure that the assurance activities being undertaken were sufficient and consider requests for further information, assessment and assurance.
51. While we recognise the issue raised by one respondent that it would want direct industry representation on the JHSG, there are challenges with how this could work without compromising DCC's conflict of interest strategy and potentially providing an anti-competitive advantage to a group of participants in Ofgem's selection process.

2.6. Question 6

52. DCC requested views on whether the published Terms of Reference for the JHSG were appropriate.

Q6

Do you have any specific feedback on the Terms of Reference of the JHSG?

Stakeholder views

- 53. Two respondents reiterated their preference for there to be direct industry membership of the JHSG, one of whom suggested the SEC Panel Chair should be an observer.
- 54. One respondent suggested DCC clarified what it means when using the abbreviation BHP and distinguish clearly between the Business Handover Plan and the Programme.
- 55. Another respondent provided some extra wording on the JHSG's responsibilities and suggested some standing items for the agenda.

DCC Response

- 56. As with our response to question 5, we believe there are some issues that would need to be overcome for the JHSG to have direct industry representation. Our proposal is to avoid these issues by relying on enhanced reporting to the SEC Panel as the means to provide transparency and input into the process. The JHSG is not a decision-making body and would not have any delegated authority from DCC's Board. Given this, we do not believe that industry stakeholders will benefit more from attending the JHSG than if it were to provide regular detailed reports to the SEC Panel.
- 57. We will review the clarity of wording in the Terms of Reference.

2.7. Question 7

- 58. DCC requested views on managing disputes between DCC1 as incumbent Licensee and DCC2 as Successor Licensee.

Q7

Do you have any alternative suggestions as to how disputes could be managed on the basis there is not contractual arrangement between DCC1 and DCC2?

Stakeholder views

- 59. Three respondents provided views on this question with two agreeing that the process seemed appropriate. The other respondent suggested that it was unclear how DCC's internal governance of the BHP process, particularly the Programme Governance Group (PGG), related to the dispute resolution process, and whether it was appropriate for DCC's internal governance groups to retain a right of approval.

DCC Response

- 60. We welcome the support from respondents to our proposed approach to dispute resolution. We will clarify the language about the PGG and will revisit the schematic that shows the relationship between the various governance bodies.
- 61. We note the concern about the potential conflict of interest were DCC to be responsible for resolving disputes. We will discuss this with Ofgem.

2.8. Question 8

- 62. This question seeks views on the amendments DCC has made to the BHP.

Q8

Do you have any other comments or suggestions in relation to the changes that we have made to the BHP since the previous version? Please provide your rationale.

Stakeholder views

63. There were three responses to this question. One respondent welcomed the opportunity to engage more closely with DCC during the Business Handover process.
64. One respondent expressed concerns that the BHP does not focus enough on the key activities that need to be undertaken to allow for a smooth transition. This respondent also suggested that the change management process for the BHP may be slow. A further point was who would perform the readiness assessment ahead of Business Transfer.
65. Another respondent welcomed the changes DCC has made since v12 of the BHP was consulted on, and the work DCC has undertaken to listen to its customers and stakeholders. This respondent also suggested that DCC should minimise the use of 'red' classification to ensure sufficient transparency of the BHP Subsidiary Documents and noted they expected the JHSG to ensure there is sufficient opportunity for industry engagement and oversight. A further point was that DCC should review the assumptions in the BHP to ensure that the support Capita receives from DCC2 is reasonable and proportionate. Finally, it also requested a glossary of terms is included in the BHP.

DCC Response

66. In relation to providing more detail on the key activities that need to be undertaken, shortly after Licence Award, both DCC and the Successor Licensee will agree detailed delivery plans to allow a smooth and coordinated transfer of the Authorised Business.
67. DCC envisages that the JHSG would be responsible for delivering the readiness assessment in conjunction with the independent assurance process set out in the Terms of Reference. We have further developed our subsidiary documents to ensure an appropriate focus on the key transition activities, but we would also note that there are several areas where DCC cannot yet plan comprehensively as we are dependent on decisions in Ofgem's process that have not yet been made.
68. We will ensure that we have an appropriate change management and document classification process to deliver transparency to our customers and stakeholders. We also recognise and agree with the point that there needs to be clarity on what constitutes a reasonable level of support and cooperation between the parties involved in the handover process and will work with Ofgem to ensure this happens.

3. Summary of changes to the BHP

69. After reviewing the responses received, and following further engagement with industry and Ofgem, we have made changes to the BHP which can be found in attachment 1 to this document.
70. As noted above in our response to the consultation questions we have made the following changes:
 - a. Strengthened the wording in the BHP to reiterate that risks and full mitigations will be shared.
 - b. Updated the BHP to clarify that critical roles have a retention strategy.
 - c. Strengthened language to make it clear that the Successor Licensee will be a new entity.
 - d. Clarified that any knowledge transfer around in-flight programmes would be as required by the Successor Licensee as the people delivering the programmes will be transferred.
 - e. Incorporated improved clarification on the robust communications messaging around employee transfer to ensure employees were re-assured and felt secure.

- f. Incorporated greater detail regarding the plan for Board transition and knowledge transfer.
 - g. Incorporated specific language to provide greater clarity of communications method, attendance at forums and information provided to industry regarding the BHP.
 - h. Incorporated a glossary of terms.
 - i. Revised the wording of assumption A12 to reflect that Capita will be able to receive **reasonable levels of support** and data from the Successor Licensee.
 - j. Respondents made a number of points that DCC is unable to resolve autonomously, such as whether the proposed dispute resolution process is appropriate. We will discuss these with Ofgem and DESNZ as appropriate.
71. A clean version of the BHP submitted to Ofgem can be found in attachment 2 of this document.

4. Next steps

72. We have published the latest version of the Business Handover Plan alongside this conclusions document. Following formal approval of the BHP by Ofgem, we will publish the final Business Handover Plan on the DCC Website and notify SEC Parties and SEC Panel.
73. If you have any questions about this consultation, please contact us at consultations@smartdcc.co.uk.

5. Attachments

This conclusions report includes three attachments:

Attachment 1: Business Handover Plan (Version 17 Tracked Changes)

Attachment 2: Business Handover Plan (Version 17 Clean)

Attachment 3: Joint Handover Steering Group Terms of Reference Version 0.3