

Appendix D: Initial Consultation Response and Contractor Update

This appendix covers the response to an initial consultation on the draft DBT Internal Business Case (before it was baselined) and areas with updated information.

Specifically, the following summarises the changes made from Version 0.9 of the business case leading to Version 1.0 being issued ahead of June 2019.

Additional Information

Since the publication of the draft document for consultation, a number of developments have been made particularly in terms of contracting new service providers. We are able in Version 1.0 to clarify three of the four contracts, the organisations involved and include more around their respective roles.

Consultation

A draft copy of the Internal Business Case (Version 0.9) was published on 10 April for consultation. The consultation was open from 10 April 2019 to 07 May 2019. During that time, over 10 energy suppliers joined a DCC hosted workshop (and conference call), providing further clarifications on our Business Case and an opportunity to offer comments. By the closing date, six written responses were received from Scottish Power, British Gas, Npower, Eon, EDF and Ofgem.

DCC went through a detailed process of categorising all areas of feedback and quite detailed or specific points that could be easily addressed.

Overview of Responses

There were positive views around the clarity of document and the explanation of objectives and DCC role. The approach to contingency – where it is not charged but estimated for DCC internal management - was strongly welcomed. Some responses confirmed that they saw the overall cost and resourcing as consistent with a Programme delivery of this scale.

There were calls to check that there are no overlaps in activity and that communications are coordinated, and we recognise that this is an important challenge within all the areas DCC is responsible for, but also in our interaction with Ofgem and the Programme Coordinator. There will be a cycle of weekly and monthly meetings where we work on this coordination.

The following points are those that were raised in different ways across most of the responses to the consultation and we considered carefully how the business case can be adapted.

Key Themes	Key Actions Taken
<p>Overall DCC Costs and DCC internal costs</p> <p>Some felt the costs were too high or wanted clarity on the controls on</p>	<p>We have made the financial controls on expenditure and how contracts deliver value for money more explicit.</p>

Key Themes	Key Actions Taken
<p>adding to cost (including contracts); some called for greater transparency around resourcing.</p>	<p>Through an internal review covering all functions and sub-programmes we have identified savings to DCC resourcing. The savings reflect a better understanding of the expected delivery from contractors but also some ideas on combining roles, reprofiling the time commitment of roles and challenging the seniority needed. This has also been accompanied by a review of overhead costs. Reflecting discussions with Ofgem, we have decided to remove overhead from the costs to industry until Ofgem, Capita and DCC have reached agreement on a new approach for calculating and applying for overhead.</p> <p>Overall, DCC's Internal cost has been brought down by 9.38% and £1,924,000. Key changes include:</p> <ul style="list-style-type: none"> ▪ Reduction in Programme Management through merging roles; ▪ Some reductions in time commitment in the Commercial, Regulation and Engagement sub-programme; ▪ Regrading across test roles; ▪ Reductions to the Ops Readiness sub-programme to reflect adjustments to that approach; ▪ Reducing the PMO staffing. ▪ Removal of overhead costs <p>In terms of transparency, we have provided more detailed resource profiles, including around testing assurance.</p> <p>The majority of the cost in the business case relates to new service providers and there are commercial constraints on how transparent we can be about these costs. We are exploring where there may be scope to cover costs with more detail in further iterations of the business case.</p>
<p>Lessons Learnt Demonstrate that the Switching Programme has embedded lessons learnt from the Smart Programmes.</p>	<p>The document does, often implicitly, reflect a range of lessons learnt from other DCC programmes but we have now added more explicit reflections to lessons learnt from Smart Programmes within the Business Case, including a short section in the Introduction.-</p>

Key Themes	Key Actions Taken
<p>Contingency Concern from Industry that 20% contingency rate is too high, even if not charged.</p>	<p>After careful consideration we have decided to maintain the level of contingency at the outset of the DBT phase. We believe the level is appropriate given our estimation around risk and comparable programmes. It is a key lesson learnt.</p> <p>We intend to review our RAID log once all contractors are onboarded and we can fully gauge the level of risks across all parties.</p> <p>There will be opportunity to reduce the contingency we need to 'hold' as the programme progresses, and this will be set out in any updates to the document and in financial reporting around programme governance.</p>

The following updates have also been made throughout the document in response to queries raised in the workshop and consultation, and as a result of progress within the Programme.

Query/Update	Action Taken
<p>We were asked to consider a Supplier Relationship Manager for each contract.</p>	<p>We understand the intent behind this, but our approach is to have one SRM in addition to contract management. We will manage the work of contractors through dedicated programme and project managers.</p>
<p>Continue to take DCC customers into account.</p>	<p>Our regular summits will allow DCC customers to hear an update on the business case and question our contractors.</p>
<p>Concern that only DCC decides use of contingency.</p>	<p>We have clarified how this relates to Programme governance.</p>
<p>We were asked about how costs in the business case relate to earlier estimates.</p>	<p>This has been clarified in the Introduction.</p>
<p>We were asked to provide assurance that the resources required for the Switching Programme will not have a detrimental effect on the Smart Programme.</p>	<p>Further clarification has been added in the Introduction.</p>
<p>We have moved ahead with various contract negotiations since the issuance of Version 0.9.</p>	<p>Updated contract details have been added to the Contracted External Services section.</p>

There were other points beyond the scope of the business case and these have been raised with relevant teams on the Programme.