SEC Finance Sub-Committee

Terms of Reference (ToR) Version 1.1

The SEC Panel has established the Finance Sub-Committee (FSC) as a Sub-Committee of the SEC Panel in accordance with SEC Section C6. The prescribed duties and powers of the FSC are described below.

1. The role of the Finance Sub-Committee

1.1 The overall scope of the FSC comprises the following;

The purpose of the FSC is to provide the DCC with a secure and clearly defined single point of engagement under SEC governance to discuss commercially sensitive topics that require input from SEC Parties.

The following overarching principles apply to all activities carried out by the FSC:

1. The FSC acts in an advisory capacity only and is not a decision-making body. The Panel will retain any existing decision-making powers it has in relation to DCC finances.
2. The DCC retains all authority on strategic prioritisation in accordance with the Smart Meter Communication Licence (the DCC Licence), with the FSC providing input from Parties to inform any decisions made by the DCC.
3. Certain sensitive information will only be shared 'behind closed doors', i.e. in person, and only provided within the room during the meeting. This will apply to details of DCC programme Business Cases, along with any other information where the DCC considers it necessary to protect its commercial interests.
4. The FSC will support DCC's Licence obligations relating to charging transparency in accordance with SEC C1.1(b) (the second General SEC Objective).
5. If any conflict arises between these Terms of Reference and any provision set out in the DCC Licence, the DCC Licence will take precedence.

1.2 The following activities will be carried out by the FSC Core Membership set out in Section 2.6:

1. Operate in conjunction with the Technical Architecture and Business Architecture Sub-Committee (TABASC) to provide an overall SEC perspective on significant choices facing the DCC based on consideration of cost and technology. The Chair will invite other SEC Chairs or subject matter experts on topics to be discussed, as appropriate.
2. Assess the costs of any DCC proposals for changes or additional work that either:
   a. Fall under the scope of the SEC Programme Assurance Policy (PAP); or
   b. Where the DCC requests that the FSC provides input to inform its decision making.

   Such assessments should include consideration of scenario expectations for the installation/retirement of various hardware cohorts and capacity needs, along with end-to-end Party costs for any options being considered.

3. Review DCC programme Business Cases prior to them being shared with the Panel under the Transitional Governance arrangements or the PAP. Provide expert feedback via collaborative discursive discussion on programme Business Cases to the DCC and the Panel on behalf of Parties.
4. Upon request by the DCC, provide input to DCC decisions relating to financing arrangements that impact Party costs.
5. Support the Panel when carrying out any relevant duties under the SEC, including:
   a. Providing input to the Baseline Margin Project Performance Adjustment Scheme (having the meaning given to that term in the DCC Licence), including as set out in any BMPPA Scheme Principles (also having the meaning given to that term in the DCC Licence).
   b. Any Panel responsibilities in relation to DCC Performance Reporting set out in Section H13 or M3.
6. Provide representation, guidance, or advice to other Sub-Committees during relevant discussions to support them when discharging their duties under the PAP or Transitional Governance arrangements.

The following activities will be carried out by the FSC Core Membership set out in Section 2.6 and the Non-Core Membership set out in Section 2.7:

7. Review updates on how the DCC is progressing against the delivery of programme Business Cases and provide feedback to the DCC.
8. Review the DCC's latest financial forecasts and the underpinning assumptions and provide feedback to the DCC.
9. Consider key movements since the last charging statement and provide feedback to the DCC.
10. Provide Parties with further details and insights on financial and cost related topics of interest.

The activities undertaken by the FSC will be reviewed periodically to ensure they remain appropriate and to avoid unnecessary duplication of scope across Sub-Committees. They may be amended following agreement between the FSC, the DCC, and the Panel.

2. Proceedings of the FSC

2.1 Meetings

The FSC shall hold meetings with such frequency as it may determine or the FSC Chair may direct, but in any event shall meet when necessary to undertake the activities listed in Section 1.1 of these Terms of Reference.

2.2 Quorum

No business shall be transacted at any meeting of the FSC unless a quorum is present at that meeting. The quorum for each FSC meeting shall be one half of all FSC Members appointed at the relevant time, at least one of whom must be the FSC Chair or the FSC Chair's nominated alternate.

2.3 Meeting Notice and Papers

Each meeting that the FSC determines, or the FSC Chair directs, shall be convened by the Secretariat. A minimum of five Working Days' notice shall be provided (or such shorter notice as directed by the Panel, or the FSC Chair).

The notice of each meeting shall be accompanied by:

- The Time, date and location of the meeting

- Arrangements for those wishing to attend the meeting by means other than in person
- The agenda and supporting papers

2.4 FSC Chair

The SEC Panel shall approve the appointment of the FSC Chair and shall review the appointment in three years from the date of appointment.

Recruitment of the FSC Chair shall be determined by SECCo Exec on behalf of the SEC Panel, providing the selection ensures that:

- The selection does not preclude the Panel Chair fulfilling this role.
- The candidate selected is regarded by the Panel as having suitable experience and expertise to discharge their duties as the FSC Chair.
- The candidate has declared any relationships or shareholdings with individuals or organisations that might be perceived to create a conflict of interest, and considering such declarations, the SEC Panel believes that the candidate will be able to act in a sufficiently independent manner in their role as the FSC Chair.
- The Chair shall arrange for a suitable alternate to deputise on occasions when the Chair may be unable to attend a meeting of the FSC.

The FSC Chair shall not be entitled to vote unless there is a deadlock, in which case the FSC Chair shall have the casting vote.

2.5 Powers and Voting

The FSC is not a formal decision-making body. However, it may be necessary for the FSC to vote on certain resolutions to make a recommendation to the DCC or the Panel. In accordance with C6.9 of the SEC:

- Each FSC Member shall be entitled to attend, and to speak and vote at, every meeting of the FSC.
- When the FSC needs to pass a resolution, a simple majority of those FSC Members voting at that meeting must vote in favour of that resolution. In the event of a voting deadlock, the FSC Chair shall have the casting vote.
- A resolution in writing signed by or on behalf of all the FSC Members shall be as valid and effective as if it had been passed at a meeting of the FSC duly convened and held. Such a resolution may be signed in any number of counterparts.

Each FSC Member must first provide written confirmation to agree to serve on the FSC in accordance with the SEC before exercising powers or voting.

2.6 Core Membership

The Panel shall invite applications from individuals to serve as Core Members of the FSC in accordance with SEC Section C6.7. Those individuals shall be of suitable experience and qualifications required to fulfil the duties of the FSC as determined by the Panel.

Members shall act independently, not as a delegate, and without undue regard to the interests, of any Related Person and will act in a manner designed to facilitate the performance by the Panel of its duties under the SEC.

Members may propose another natural person to act as their Alternate by completing the necessary paperwork and notifying SECAS. FSC members may wish to nominate an Alternate with a complimentary skill set to their own. The Alternate, once approved, may attend the FSC and must act in the capacity as Alternate to discharge the member’s duties. The Alternate must complete the declaration as described in SEC C3.8 (a) and (c) prior to voting.

2.6.1 Composition

The voting FSC Members shall be as follows:

- 7 Members from the Large Supplier Party Category
- 2 Members from the Small Supplier Party Category
- 2 Network Parties
- 1 Member from the Other SEC Party Category
- 1 Consumer representative
- The Chair of the TABASC

Additionally, the DCC shall be represented but is not entitled to vote.

2.6.2 Term of Office

The FSC Chair will review membership of the Sub-Committee on a two- yearly basis, inviting applications from individuals in accordance with SEC Section C6.7. The normal term of office for each member is 24 months. For the first term of office half the membership will serve a 12-month term.

2.6.3 Other Interested Parties

In addition to the core FSC Members, the FSC Chair is entitled to invite any persons the FSC determines it appropriate to do so. It is envisaged that any such persons will be able to provide the FSC with expert advice on technical, financial, commercial, or economic matters. FSC Member Alternates may be invited to FSC meetings to fulfil this purpose.

A representative of the Secretary of State and the Authority is entitled to attend and speak at the FSC meetings and will be provided with copies of all agendas and supporting papers.

2.6.4 Member Confirmation

Before a person may serve on the FSC as a Member or Member’s Alternate, that person shall provide written confirmation to SECCo that:

- They agree to serve on the FSC in accordance with the SEC.
- They will be available as reasonably required by the Sub-Committee to attend at least 50% of meetings and miss no more than 3 meetings in a row without sending an Alternate. Members should also be prepared to undertake some work outside of meetings.
- They shall be prepared to promptly give their expert view, contributing to discussions on matters within the scope of these Terms of Reference.
- They should also seek views from their Party category where appropriate, in accordance with the Panel Information Policy and any Non-Disclosure Agreement in place with the DCC.

2.6.5 Conflict of Interest

Given that members have a duty to act independently, conflicts of interest should not regularly arise. Members shall have a duty to identify whether a decision presents a conflict of interest. In such cases, the member shall absent themselves from the meeting for the purposes of that decision.

2.7 Non-Core Membership

Any Party may attend the FSC when Non-Core activities are being discussed. Any individual seeking to represent a Party at the FSC must have a good understanding of DCC’s charging statement process and an awareness of business finances. All non-Core Members are required to sign the Confidentiality and Disclosure Agreement set out in Appendix A to these Terms of Reference.

3. Secretariat

SECAS will provide the secretariat and code management for the FSC. This includes but is not limited to:

- Prepare and maintain the FSC Member Pack (code of conduct and expenses policy).
- Timetable and organise the FSC meetings, including meeting rooms.
- Act as quality gatekeeper with the Chair for accepting papers.
- Circulate agendas and papers for consideration at FSC meetings, five Working Days in advance of that meeting date.
- Monitor the quorum prior to meetings to ensure that decision matters are not frustrated or deferred.
- Circulate minutes of the meeting five working days after the meeting for the FSC's approval.
- Administer the circulation list for FSC papers and Minutes.
- Manage the FSC decisions, actions and risks and issues log.
- Manage the FSC section of the SEC website.

3.1 Minutes of Meetings

The Secretary shall minute the proceedings and decisions of the FSC, including the names of those in attendance. Draft minutes will be circulated to all FSC Members for review within five Working Days of the meeting and will be submitted for approval at the next scheduled meeting. Meetings will be recorded and transcribed for the sole purpose of the production of meeting minutes.

4. Confidentiality and Disclosure

Given the sensitive nature of some areas of work undertaken by the FSC, agenda items, papers and discussions will be assigned an information sharing level of either **CLEAR**, **GREEN**, **AMBER**, **AMBER-STRICT** or **RED**, as per the Panel Information Policy As a FSC Member, each participant will be asked to undertake in writing to abide by the confidentiality and disclosure provisions in relation to each information sharing level as described above, by signing the Confidentiality and Disclosure Agreement at Appendix A to these Terms of Reference.

Individuals who the FSC Chair has invited to attend a meeting of the FSC will also be asked to sign the Confidentiality and Disclosure Agreement but will only be permitted to attend the FSC during discussions on agenda items relevant to their organisation.

FSC Members who breach the rules of the confidentiality and disclosure provisions under any information sharing level may have their FSC membership ceased.

In addition to this, all FSC Members are required to sign and be held to strict Non-Disclosure Agreements (NDAs) with the DCC.

5. Review

The Terms of Reference, Membership and operation of the FSC may be reviewed by the Chair at any time to ensure that they remain appropriate to reflect the duties and requirements of the SEC. Amendments to these Terms of Reference will be approved solely by the SEC Panel. The FSC shall undertake a review of the Terms of Reference of the FSC at least annually for review and approval by the SEC Panel.

APPENDIX A

Confidentiality and Disclosure Agreement

I, the undersigned, have read and understood the Finance Sub-Committee Terms of Reference. I understand that I am required to comply with the confidentiality and disclosure obligations in respect of each of the four information sharing levels (**CLEAR**, **GREEN**, **AMBER**, **AMBER-STRICT** and **RED**), as set out in the Terms of Reference. I understand that I must declare any conflict of interest that I have in writing to the FSC Chair whether it exists now or during my continued membership of the group, as soon as I become aware that such a conflict exists. I understand that should I fail to abide by the information sharing levels, confidentiality and disclosure obligations, or conflict arrangements (as set out in the Finance Sub-Committee Terms of Reference) I may be excluded from the Finance Sub-Committee. Having understood and accepted the above statements, I therefore agree to abide by the Terms of Reference in my engagement with this group.
Name:
SEC Party Category:
Primary/Alternative Participant:
Signature:
Date:
Terms of Reference v1.1 Dated: (29/07/2026)