Smart Energy Code

SECCo BUSINESS PLAN & BUDGET

2026 – 2029

March 2026

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INTRODUCTION

Angela Love
SEC Panel Chair / SECCO Board Chair
January 2026

Foreword by Angela Love

This year has been a period of consistent delivery, stabilisation and purposeful evolution for the Smart Energy Code (SEC) and for SECCo as the organisation entrusted to manage it. The energy system continues to undergo profound transition, with digitalisation, flexibility, consumer protection, and market reforms shaping the future landscape. Against this backdrop, we have strengthened the governance of the SEC, matured our service delivery, and continued to deliver high-quality support across wide and increasingly complex topics and technological change.

We have embraced this complexity and risen to meet the ever-increasing expectations placed on all governance bodies. SECCo has achieved significant operational, regulatory and organisational progress. We have established a Privacy Sub-Committee (PSC), mobilised our Performance Assurance Board (PAB) and also established a Customer Challenge Group (CCG) to constructively challenge DCC's Ex-ante Business Plan. At the same time, we took the decision to close the Strategic Working Group (SWG) - a move designed to have a more coherent and accountable approach around strategy, putting the SECCo Board at the heart of strategic decision making.

We set up the CCG, following Ofgem's decision to strengthen financial and consumer oversight of the DCC and we have also made significant progress in establishing our new Finance Sub-Committee. As permanent parts of SEC governance, these new bodies will enhance transparency, improve scrutiny of DCC cost proposals and business plans, and ensure that SEC Parties and consumer interests are consistently represented in future DCC decisions.

We have substantially improved collaboration with the Data Communications Company (DCC) and have introduced stronger issue resolution processes; increased transparency and created more proactive programme oversight across critical programmes including the 4G rollout, the Data Systems Programme (DSP), Future Connectivity North, the Public Key Infrastructure Enduring (PKI-E) system and Future Service Management.

Throughout the year, SEC Parties have expressed high levels of confidence in the organisation's performance, with 100% satisfaction in Panel and Sub-Committee support, and 100% satisfaction in helpdesk accessibility. I believe that this reflects the professionalism, responsiveness and expertise of the SEC support teams. These results underpin the value of the customer experience work undertaken over the past year: mapping the end-to-end journeys, embedding customer principles, developing customer personas and strengthening guidance, communication and operational handover processes.

This year also marked a significant step in SECCo's strategic role in the future of the smart metering ecosystem, when we established our Special Purpose Vehicle (SPV), DCC2 Ltd, to enable SECCo to participate in the successor DCC Licence competition. Following DESNZ's consultation on the ability for SECCo to set up an SPV, we initiated our own consultation to understand the views of SEC Parties and stakeholders and carried out extensive engagement, before I wrote to the Government to request that the Secretary of State introduce changes to the SEC. To support the SPV we appointed a Programme Director, Colin Sempill (ex-Interim CEO of Smart DCC) and, at the suggestion of industry, set up a Board Advisory Forum (BAF) comprising senior industry experts. The BAF has provided an opportunity for SEC Parties to provide independent challenge and strategic advice to DCC2 Ltd.

Crucially, SECCo continues to demonstrate responsible financial stewardship, consistently delivering more for less. We have driven efficiencies from the new and re-negotiated contracts for Performance Assurance, User Competent Independent Organisation (User CIO) and the provision of secretariat and administration services (the SECAS service).

We have improved rigour around disciplined workforce planning and service management to keep expenditure below budget. We have utilised savings that we have delivered to invest in high-priority areas, including Performance Assurance, digital capability, and the foundational work required for the successor DCC licence competition.

A key focus for SECCo this year has been to continue to mature the SECCo business model. The Executive Team structure established by the Board in 2024 is now fully in place, providing clear leadership across strategy, operations, business and technical architecture, commercial, service management and corporate functions. Recruitment during the year has focused on building the specialist capabilities required under each Executive team member, ensuring SECCo has the depth and resilience needed to deliver our expanding responsibilities. In line with the direction set by the Board, we are maturing our organisational capability to position SECCo to deliver a more integrated, professional and forward-looking service to the SEC Parties and in line with Ofgem's expectations of a future Code Manager.

Looking ahead to 2026–27, SECCo remains anchored by the same five strategic priorities that have guided our transformation so far. These priorities continue to provide a stable and coherent framework as our organisation adapts to the demands of Energy Code Reform, heightened expectations for digital and data stewardship, and the need for sector-wide assurance in a period of profound change. Our focus will remain on delivering high-quality code management, improving the customer experience, strengthening assurance and operational processes, building capability and delivering exceptional value for money to SEC Parties.

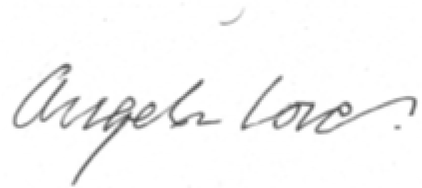
The chapters that follow set out SECCo's plans for the year ahead:

Section 2 provides an overview of the SEC and SECCo, highlighting the regulatory framework and our key achievements over the past 12 months;

Section 3 describes the external environment and the system-wide changes shaping our priorities;

Section 4 sets out SECCo's strategy and operating model, framed around our five long-term strategic priorities; and

finally, **Section 5** outlines the financial projections for 2026–27, providing clarity on budget requirements, cost drivers and how we will continue to deliver excellent value for SEC Parties.



“With rising expectations on governance, assurance and delivery, the SEC must continue to evolve to provide stability, transparency and confidence for industry during a period of profound change”

ABOUT THE SEC & SECCO

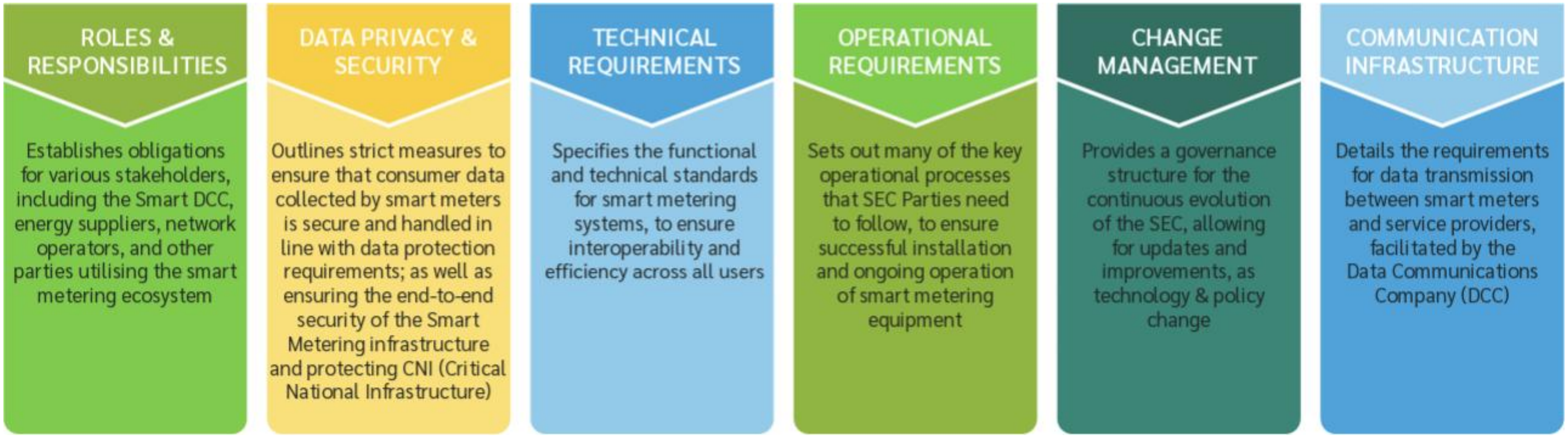
The Smart Energy Code (SEC) remains one of the most dynamic and technically complex regulatory frameworks in the energy sector, underpinning the secure, interoperable and consumer-focused operation of over 40 million smart meters across Great Britain.

Over the past 12 months, the SEC has continued to evolve at pace. Our work is driven both by new security, privacy, operational and technical requirements emerging from the DCC environment, DESNZ, Ofgem and industry programmes and more reactively, as we receive valuable industry feedback on issues and concerns via our Sub-Committees.

In 2025-26, we have issued multiple SEC Releases that have delivered significant enhancements across communications hub management; certificate rotation; privacy reporting; metadata access; export capability for SMETS2 devices, and alignment to updated international security standards. We have incorporated the PSC (Privacy Sub-Committee) into the Code and updated the Privacy Controls Framework and Triage Security Controls Framework to reflect the growing importance of privacy, cyber resilience and data stewardship within the SEC arrangements. The in-house SECCo team has focused on industry pain points and been central to making changes, to deliver improvements and greater value for money.

We have strengthened the SEC governance model by mobilising the Performance Assurance Board (PAB); enhanced technical and architectural leadership in the Technical Architecture and Business Architecture Sub-Committee (TABASC); expanded oversight by the Testing Advisory Group (TAG) and delivered more integrated device assurance activities through the Smart Metering Device Assurance (SMDA) Sub-Committee. We have published a cross-SEC Committee Issues Log and delivered improvements to reporting and engagement to increase transparency and enabled Parties to better track emerging issues and operational impacts. We have further plans to enhance how issues are managed across the Committees and will be seeking to improve transparency of our issues management process, so Parties are better informed.

SEC regulatory and operational framework



We worked with Ofgem to introduce the CCG (Customer Challenge Group), composed of independent and SEC Party representatives who operate under Non-Disclosure Agreements. The group seeks to provide assurance to Ofgem and SEC Parties by performing upfront scrutiny of DCC's Ex-ante business plans. The group will be scrutinising and challenging the DCC's priorities and spending forecasts.

As of January 2026, the CCG has already undertaken its review of the first fully costed DCC Business Plan under Ex-ante Control and will continue to challenge the DCC on behalf of all SEC Parties.

The Customer Challenge Group provides an important new layer of challenge and transparency, reinforcing confidence that consumer interests are reflected in future DCC decisions

Operationally, we have made material improvements during the year in the smart metering environment. This has been achieved through enhanced collaboration between, and significant effort from the SEC, the DCC and Suppliers to resolve issues identified by the industry.

Some of these successes include: an increase in the install and commissioning rates in the North Region; a fall in the volume of non-communicating devices and a strengthening of the triage and remediation processes. The latter was an example of the SEC identifying an area of focus, collaborating with the DCC and SEC Parties to gain greater understanding, and then supporting the DCC in delivering the process improvements.

We actively oversaw several significant programmes, which we progressed through critical testing and mobilisation. This includes the 4G Communications Hub rollout (initially in the Central and South Regions, expanding to the North Region as a result of the Future Connectivity North programme), PKI-E and the Future Service Management programme. We have introduced stronger coordination across the SEC Sub-Committees to ensure that system changes are tested more rigorously. We did this by expanding TAG's role to cover early-phase and User testing. We also extended the SMDA Sub-Committee's assurance role to cover 4G device behaviour.

In 2026-27, we will continue to utilise and evolve the stronger links that we have put in place between Sub-Committees to provide greater reassurance to industry that future programmes are rigorously scrutinised and tested.

During the year we completed a comprehensive customer experience assessment to understand the touch points that SEC Parties and stakeholders have with the SEC and our sub-contractors.

Through this work, we have created new customer personas, CX (Customer Experience) principles and journey maps, so that these can be embedded in service design to improve accessibility, clarity and responsiveness. Collectively, these tools will be used to benefit SEC Parties and stakeholders by improving the touchpoints and interactions that they have with us and developing future services that they value.

Alongside strengthening operational delivery, SECCo has placed a strong emphasis on improving value for money through disciplined contract management and procurement/re-procurement. Over the past year, a systematic review of existing contractual arrangements, combined with targeted re-procurements and renegotiations, has delivered material savings while maintaining or improving service quality. These actions demonstrate SECCo's commitment to robust financial stewardship and provide a strong foundation for reinvestment in priority areas that support SEC Parties and the wider smart metering system.

New contract for SECAS Services

As part of SECCo's wider commercial and service management approach, we entered into a new three-year operational services contract with Talan UK & Ireland, our long-standing delivery partner. The agreement ensures continuity of service while strengthening SECCo's ability to respond to evolving regulatory, operational and industry needs.

The new contract supports the delivery of high-quality, reliable and cost-effective services, aligned with the SEC Panel and SECCo Board's ambitions to modernise operations, drive digital transformation and embed the new Target Operating Model. It introduces clearer accountability, greater flexibility to evolve services over time, and a scalable delivery model focused on value for money, resilience and long-term sustainability for SEC Parties.

Re-procurement of the User CIO/IPA service

As part of this wider commercial and procurement approach, we also completed the re-procurement of the User CIO/Independent Privacy Auditor (IPA) service during 2025, awarding the contract to Ernst & Young (E&Y) following a competitive process.

This transition from the existing service provider was completed in November 2025 and will reduce the cost of individual Security and Privacy Assessments for SEC Parties and introduce more efficient and modernised ways of working.

The outgoing service provider, Deloitte, continued to support in-flight assessments through January 2026 to ensure a smooth handover.

This re-procurement exemplifies SECCo's commitment to securing high-quality, cost-effective services that strengthen the SEC's assurance framework while delivering tangible value for industry.

New Performance Assurance Partner

We also completed the procurement of a new Performance Assurance Partner, appointing Moorhouse Consulting to implement the SEC's risk-based Performance Assurance Framework (PAF) following a competitive tender.

Mobilisation began in January 2026, and the appointment is expected to strengthen the effectiveness of industry risk management while delivering a high-quality and cost-efficient service on behalf of the Performance Assurance Board (PAB).

This represents another example of SECCo's disciplined approach to strategic procurement, ensuring that critical services are delivered by partners with the right capabilities, while maintaining strong value for money for SEC Parties.

We will avoid £14m of spend over the next three years, which will be reinvested to support new service lines and capabilities, while maintaining the overall budget at a consistent level

OUR OPERATING ENVIRONMENT

We are operating in an energy system that is undergoing unprecedented transformation and change.

Policy priorities around digitalisation, flexibility, consumer protection and decarbonisation are reshaping the expectations placed on digital infrastructure, data governance and operational assurance.

Ofgem and DESNZ's Energy Code Reform programme continues to move towards implementation, with the future licensed Code Manager model placing greater emphasis on strategic planning; transparent delivery; robust change control; measurable performance and user-centred service design. We are therefore continuing our preparations for a Code Manager role by strengthening our governance, digital capabilities, and internal control frameworks.

We have been and will continue to work with other code bodies, particularly those which will become a Code Manager in Phase One of the Ofgem/DESNZ programme, to build cohesive industry processes and simplify cross-code interactions.

The transition to the successor DCC licence (DCC2) represents one of the most significant structural changes to the smart metering ecosystem since its inception.

Re-procurements across DSP, Communications Hubs & Networks (CH&N) programme, PKI-E and service management functions are reshaping the underlying technical and commercial architecture that SEC Parties rely on.

The move to a not-for-profit DCC Licence model with an Ex-ante price controls will increase scrutiny of DCC's cost efficiency, governance discipline and performance outcomes. The associated requirements for certificate rotation in 2026, enhanced cyber-security controls and compliance with updated international standards further increase complexity and interdependency across SEC Parties, DCC and SEC.

In parallel, we recognise that consumer expectations are also rising. Proposed changes to the Guaranteed Standards of Performance (GSOP) regulations to deliver a renewed focus on installation quality and device reliability will demand a higher consistency and accountability across the smart metering chain.

Government-led programmes, including Smart Secure Electricity Systems (SSES) governance, installation journey reform and post-2025 smart metering obligations, continue to introduce new requirements that must be reflected in SEC processes, service levels and assurance mechanisms.

Alongside these developments, volumes of non-operating meters, while reducing, are not declining at a rate that provides sufficient confidence; this has prompted us to establish a dedicated Operations Group (OPSG) sub-group to work collaboratively with SEC Parties and the DCC to accelerate improvement.

We recognise the financial pressures on both consumers and energy suppliers at the present time reinforcing the need for predictable costs, transparency, and efficiency in industry operations. We see our role as helping to provide confidence in the arrangements that support the market, working with the SEC Parties and, with the DCC in particular, to do all we can to make things easier and reduce the costs of the smart metering arrangements.

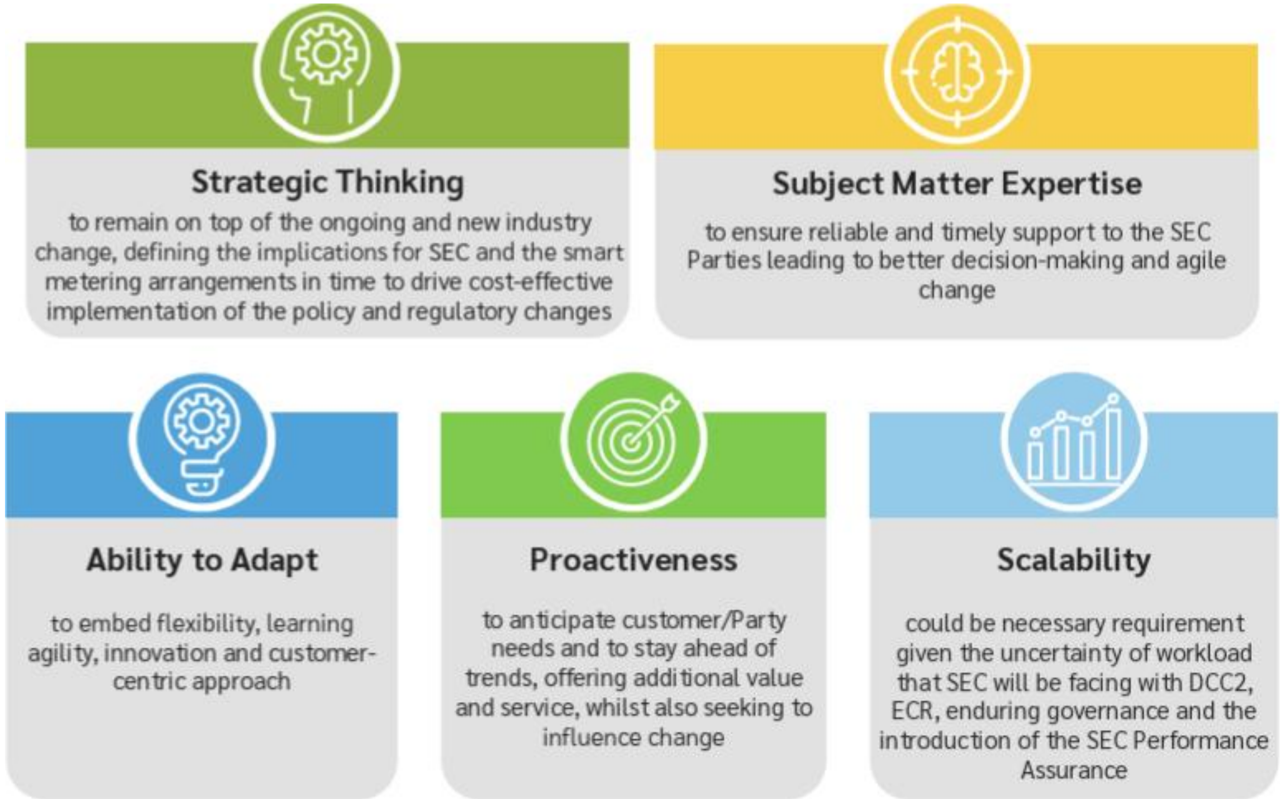
To that end, we will seek opportunities to better leverage data, deploy analytical tools and automation as critical options to support improved service delivery and operational effectiveness. In this context, we see our role as an integrator, coordinator and steward of the end-to-end governance model and believe that our effectiveness in these roles is becoming ever more important and something that we look to excel in.

Agility and adaptability will be vital to foresee and implement the upcoming changes at the least cost to the industry and SEC Parties.

Work will be required to ensure that we are close to Ofgem's thinking, picking up evolving ideas and ensuring that we understand stakeholder views.

This level of multi-layered industry change and lack of certainty and clarity on the exact manifestation of the ongoing change initiatives creates a strong need for SECCo to have the following capabilities and skills:

- Strategic thinking
- Subject matter expertise
- Ability to adapt
- Proactiveness
- Scalability.



The continuous 'trickling' of changes in the next 2-3 years and beyond will require a constant re-evaluation and evolution of the existing Code service delivery models and processes

SECCO STRATEGY & OPERATING MODEL

Our strategy for 2026–27 continues to be guided by the five long-term priorities agreed last year by the SECCo Board for our 2025–28 Business Plan.

We believe that these priorities provide us with continuity, while enabling us to respond to new system-wide demands, as and when they arise. These demands include preparations for the DCC successor licence, Ofgem's Energy Code Reform and sector-wide expectations on digitalisation and consumer protection.

Five strategic themes for service delivery:

Building an agile and transparent business model based on operational and digital best practices

Transforming service delivery so that we continue to be a trusted delivery partner to the industry, Regulator and Government

Proactively developing our Code Manager capabilities to support the transition to net zero in the most cost-effective way

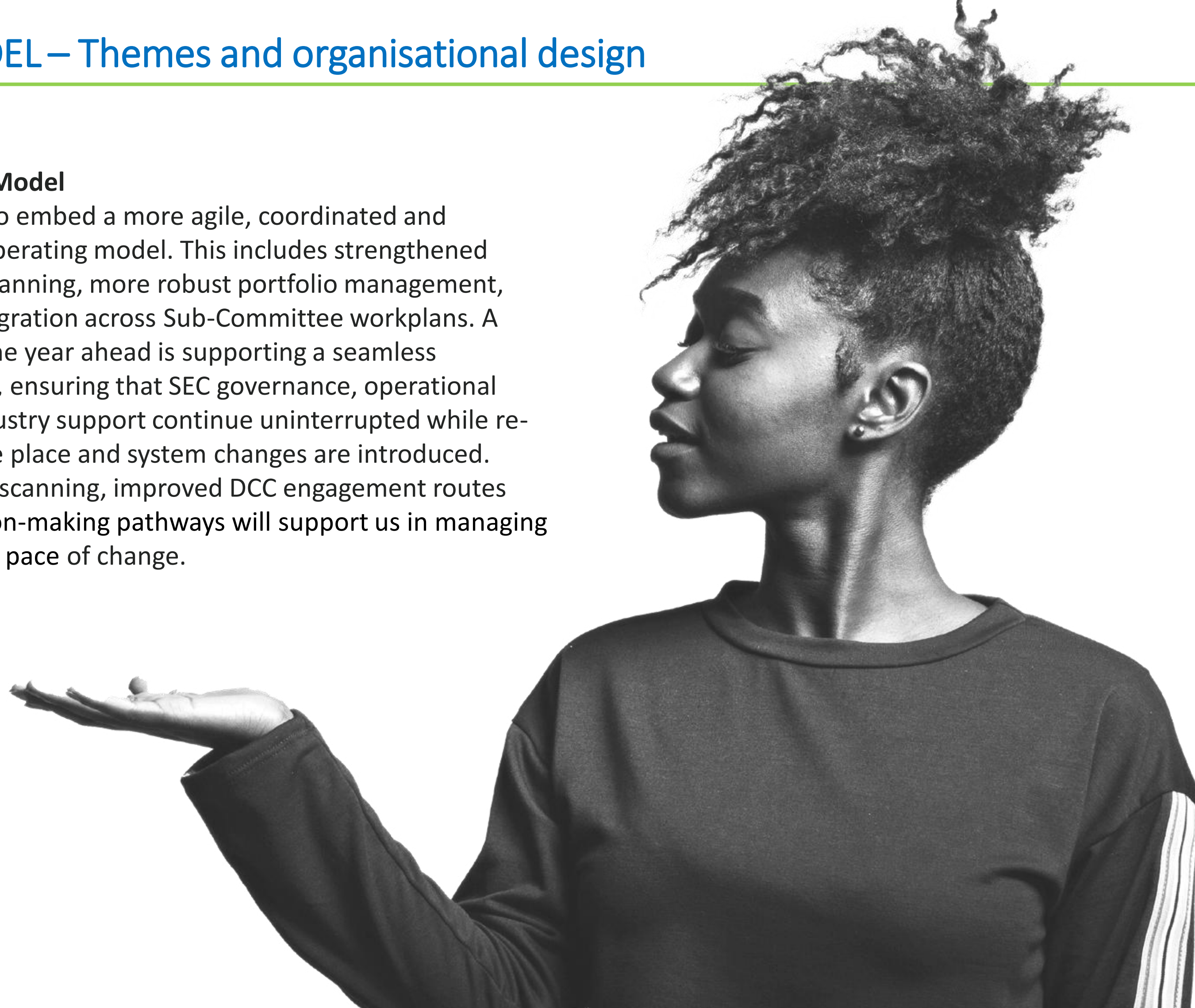
Becoming customer-centric to raise the standards of customer care and support to existing SEC and new SEC Parties

Providing excellent value through cost transparency and high quality of service

Building an agile and transparent business model based on operational and digital best practices

1. Agile Business Model

We will continue to embed a more agile, coordinated and forward-looking operating model. This includes strengthened cross-functional planning, more robust portfolio management, and improved integration across Sub-Committee workplans. A central focus for the year ahead is supporting a seamless transition to DCC2, ensuring that SEC governance, operational processes and industry support continue uninterrupted while re-procurements take place and system changes are introduced. Enhanced horizon scanning, improved DCC engagement routes and clearer decision-making pathways will support us in managing both the scale and pace of change.



Agility in the operating model enables SECCo to scale delivery, strengthen assurance and maintain value for money as expectations on the SEC continue to grow

Transforming service delivery so that we continue to be a trusted delivery partner to the industry, Regulator and Government

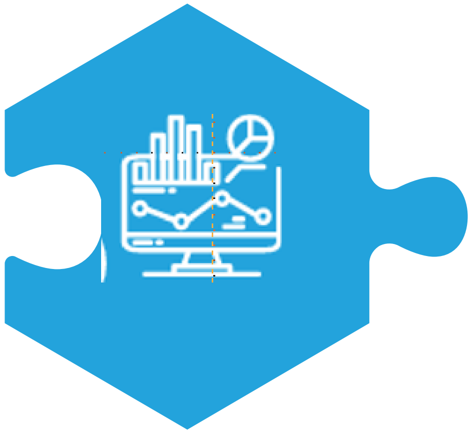
Transforming service delivery is about moving to predictable and proportionate services that enable the SEC to operate effectively as part of enduring code arrangements

2. Transforming Service Delivery

We will continue to improve the consistency, reliability and responsiveness of SEC services, building on the progress made over the past year. Key priorities include maturing the Performance Assurance Framework (PAF) to ensure a level-playing field for Parties, strengthening incident and issue management alongside the DCC, and improving oversight of DCC service performance. We will embed the lessons from OPSG's transformation within our other Sub-Committees and in other areas of our service delivery: to facilitate clearer prioritisation and more effective and collaborative joint action, whilst ensuring that decision making is not only faster, but fully considers any possible economic and operational impacts. We are planning improvements to the way the Sub-Committees provide governance oversight of DCC change programmes and will bring SEC governance frameworks into closer alignment with key DCC programme activities to improve transparency and give more timely and targeted feedback to the DCC. We will enact these improvements in readiness for SEC to take on more governance responsibilities when a move from transitional to enduring governance takes place. We will introduce a more data-driven approach to operational performance that will enable earlier identification of emerging risks and more targeted interventions to support SEC Parties to deliver value to consumers

As part of transforming service delivery, SECCo has also initiated an independent review of its Enterprise Risk Management (ERM) framework to strengthen organisational resilience and improve the quality and consistency of operational oversight. The review assessed SECCo's risk culture, governance structures, control environment and reporting practices. It then provided recommendations aimed at clarifying ownership, aligning risk appetite across functions, and improving the separation of mitigations, controls and actions in risk registers. The outputs of the ERM review will support more transparent and insight-driven reporting to the Panel and Sub-Committees and will enable SECCo to respond more effectively to emerging risks across the smart metering ecosystem. Embedding an improved risk management framework is an essential component of delivering a more predictable, robust and high-quality service to SEC Parties and forms a foundational step toward future Code Manager maturity.

Going forward we will also be looking to ensure that there is timely and effective engagement with DCC on areas which will affect SEC Parties, in particular regarding the development of new technical solutions for the future of Smart Energy. We believe that it is of the utmost importance that we have a shared view between SEC, SEC Parties, DCC, DESNZ and Ofgem of the horizon of change, technology decision points and challenges.



Proactively developing our Code Manager capabilities
to support the transition to net zero in the most cost-effective way

3. Developing Code Manager Capabilities

To meet future Code Manager expectations, we will continue to strengthen our regulatory, technical, analytical and strategic capabilities. This includes developing deeper expertise in privacy and cyber security, digital and data governance, architectural leadership, policy interpretation and market design. Consolidating organisational knowledge and improving knowledge transfer processes will reduce our dependence on external service providers and enable us to provide more consistent, authoritative guidance to SEC Parties, Government and Ofgem.

Planned improvements to SEC change governance will improve strategic coordination of SEC changes, strengthen the Sub-Committees' role in defining and developing changes to the code, and increase the speed of implementing SEC change. We have also engaged with the work to develop a set of proposed changes to the modification process and how modification prioritisation can be introduced. In 2026-27, we will work to introduce Ofgem's proposals and support the industry in understanding the new approach.

As the Panel increasingly separates corporate and industry governance responsibilities, SECCo will play an essential role in ensuring a stable, professional governance model that is compliant with Ofgem's future expectations of code bodies.

Developing strong Code Manager capabilities is essential to ensure the SEC can provide robust governance, effective assurance and continuity through periods of industry change

Becoming customer-centric to raise the standards of customer care and support to existing SEC and new SEC Parties

4. Becoming Customer-Centric

In the coming year we will move from developing our customer experience design into full implementation. The new customer principles, personas and journey maps developed in 2025 will be embedded into service standards, guidance materials, communication channels and operational processes. We will enhance the simplicity, accessibility and intuitiveness of our content and our SEC Party support mechanisms will be a major focus, including improvements to the website, onboarding and end-to-end user journeys. In line with feedback from SEC Parties we will prioritise transparent, insight-driven reporting, and use this to help users better understand operational performance, change activity and the implications of system-wide decisions. This reporting will help facilitate the development and roll-out of our PAF, enabling the SEC to hold Parties to account and encourage collaboration to share best practice and delivering value to both SEC Parties and consumers. We will also support the CCG to ensure the DCC's Business Plan continues to consider SEC Party and consumer perspectives and is focussed on good outcomes for both, whilst delivering value for money and maintaining appropriate governance and reliable system design and delivery.

SECCo has also worked closely with the DCC to redesign the SEC Party accession and onboarding journey - focusing on DCC Other User role in response to feedback that this is one of the most critical and high-friction interactions Parties experience. Through a new joint "experience partnership model", SECCo and the DCC have mapped the end-to-end onboarding process, identified improvement points and designed a more intuitive, transparent and coordinated journey for new entrants. This work will continue in 2026–27 as part of the wider customer experience transformation, with a focus on improved guidance, clearer handovers, more consistent communications and stronger readiness support for new DCC Users.

Embedding customer experience into code management improves clarity, reduces friction and enables faster, more consistent delivery across an increasingly complex governance landscape

Providing excellent value through cost transparency and high quality of service

5. Providing excellent value

As a central strategic priority, we will continue to focus on delivering high-quality services while maintaining strong financial discipline. All external service provisions have been reviewed and, where necessary, renegotiations have taken place to drive greater value for money and service improvements to these commercial arrangements.

The significant financial savings that we have achieved in 2025, totalling £14m of avoided spend over the next three years, will enable us to make greater investment in both core services and process improvements over the coming budget years.

We will continue to build capability in-house, while engaging the right strategic partners to help lower long-term operating costs. The functional budgeting approach introduced in 2025 continues to improve transparency and accountability across all activity areas.

To support greater transparency and assurance for SEC Parties, we will continue to publish detailed quarterly reports on SECCo's financial position, including year-to-date expenditure, variances and forward projections. These updates provide Parties with clear visibility of how funds are being used and enable early identification of emerging trends or risks. This commitment to quarterly financial reporting remains a core element of our approach to value for money and accountable governance. We will maintain and bolster our culture of focusing on the needs of SEC Parties, value for money, efficiency and continuous improvement and we will embed these principles across the organisation as we evolve. At the same time, we will build on our more streamlined procurement processes and a heightened focus on collaboration with our service providers to enhance services and refine processes. Building on our updated and strengthened Procurement Policy, we will underpin our approach with strong governance structures; audit trails; a clearer technology roadmap and will collaborate with industry to optimise use of shared systems and infrastructure.

We are delivering high-quality services with strong financial discipline, transparency and value for SEC Parties

Digital Transformation – Reimagining Digital SEC

We will continue to advance a digital-first transformation programme across all five strategic priorities, aligned to our "Reimagine Digital SEC" ambition highlighted at the July 2025 Engagement Day. This includes redesigning SEC's digital estate to improve usability, accessibility, searchability and compliance; enhancing analytics and insight tools to support better decision-making; automating manual processes; and strengthening digital content governance. We will deliver a CRM, website upgrades and enhanced document lifecycle management as the foundation for a more modern, intuitive and insight-driven SEC experience. This will improve the User experience and efficiency for both SEC and SEC Parties processes, providing a heightened focus on collaboration with our service providers to enhance services and refine processes. Building on our updated and strengthened Procurement Policy, we will underpin our approach with strong governance structures; audit trails; a clearer technology roadmap and will collaborate with industry to optimise use of shared systems and infrastructure.

We are investing in digital capability, which is essential to future-proof SEC governance, supporting scalable delivery, stronger assurance and better outcomes for the industry and consumers

2026-2029 FINANCIAL PROJECTIONS

Summary

The financial projections for 2026–27 reflect a disciplined and balanced approach to budgeting, maintaining strong cost control while enabling targeted investment in priority capabilities. The proposed budget of **£17.850m** remains broadly in line with the 2025–26 published budget of **£17.756m** (Table 1), demonstrating that increased activity and complexity can be accommodated without material budget growth.

Table 2 shows that the proposed budget for 2026–27 remains consistent with the forecast published in March 2025. The increase of **£0.357m** reflects the refinement of assumptions as plans have matured, including the incorporation of revised supplier terms, updated activity profiles and the formal inclusion of new governance and assurance arrangements.

Importantly, this movement does not represent a change in strategic direction or scope, but rather a controlled and proportionate update to the forecast, demonstrating that the overall cost profile for 2026–27 has remained stable as delivery plans have been finalised.

While significant efficiencies and avoided costs have been delivered, these savings have been intentionally redeployed to support activities with the support and approval of the SEC Panel and SECCo Board. As a result, the forecast reflects a stable overall cost projection for 2026–27, rather than a reduction in total spend.

Table 1 – Budget for 2026-27

	2025-26 000's	2026-27 000's
Total annual budget	£17,756	£17,850
Difference		**£0.094**

Table 2 – Movement in forecast for 2026-27

Total forecasted budget	2026-27 000's
Forecasted in March 2025	£17,493
Proposed in January 2026	£17,850
Difference	**£0.357**

The proposed budget of £17.850m remains in line with the 2025–26 published budget of £17.756m, demonstrating that increased activity and complexity can be accommodated without material budget increase

Our financial approach to business planning is rooted in transparency, discipline and delivering long-term sustainable value for SEC Parties. We have refined our budgeting model along functional lines and introduced improved cost tracking processes in the 2025-26 Business Plan year, with the aim of having strengthened accountability and improved expenditure visibility across all activities.

In 2025–26, we underspent against our budget by driving efficiencies from the new SECAS support contract; more streamlined service provider management; re-phased recruitment aligned to organisational needs and lower-than-forecast demand for security and privacy assessments because of our move to a new service provider. We drove these efficiencies while maintaining high service quality and delivering major organisational and programme milestones.

The key cost drivers for the 2026–27 budget year include ongoing mobilisation of the PAF; strengthening digital and data tooling to support improved operational insights and the evolution of SMDA and TAG testing and assurance activities. Investment in these areas will ensure SECCo has the capability and stability to support industry through improved services to making being a SEC Party easier. Delivering key initiatives such as the Code Manager role and move to enduring governance will help to simplify SEC arrangements.

A comprehensive review has been undertaken to ensure these services continue to meet Parties' long-term needs and provide an enhanced and future-ready assurance function. Other drivers include the introduction of the Finance Sub-Committee, enhanced control of re-procurement activities and improvements to the oversight of major DCC change.

With the approval of the SECCo Board, DCC2-related activities have been able to progress without an impact on the total budget. The establishment of the Special Purpose Vehicle (SPV), DCC2 Ltd, and Board Advisory Forum (BAF) have been carefully managed, reflecting their strategic importance to SEC Parties but recognising the need for prudence, transparency and a clear focus on value for money.

Any future DCC2 costs will sit outside of SECCo Business Plan and Budget and, as such, are not included into our budget.

Our financial projections demonstrate a disciplined and sustainable approach, maintaining strong cost control while creating headroom to invest in priority services without increasing the overall budget

The projected expenditure by function over the next three years reflects a balanced approach to sustaining core operations while supporting targeted investment in priority capabilities.

Funding remains focused on SEC operations in industry, strategic management, contract management and SEC-related services, ensuring continued delivery of business-as-usual activity alongside strengthened assurance, digital capability and customer experience.

Planned investment in Change/SEC projects supports delivery of Energy Code Reform readiness, enterprise risk management improvements, AI-related testing activity and re-procurement activity. This also includes the development of a smart energy data roadmap, setting out a clear, phased approach to the future use, governance and assurance of data across the smart metering ecosystem. Together, these initiatives strengthen the foundations for more effective decision-making, support emerging policy and regulatory priorities, and ensure the SEC is well positioned to manage increasing data complexity in a controlled and transparent way.

Overall, the profile demonstrates disciplined cost control, appropriate use of contingency and a clear alignment between spend, strategic priorities and delivery of demonstrable value to SEC Parties.

Table 3 – Total projected expenditure by function. Indicative cost projections for next three years

Cost projection per business line	2026-27 000's	2027-28 000's	2028-29 000's
SEC Panel/Board operations	£1,072	£1,101	£1,132
SEC strategic management	£2,500	£2,418	£2,449
SEC operations in industry	£3,360	£3,384	£3,095
SEC Mods	£1,228	£1,215	£1,203
SEC Party engagement & admin	£899	£904	£911
SEC Party management	£127	£124	£121
SEC-related services	£2,411	£2,497	£2,594
SEC contract management	£401	£421	£442
Change/SEC projects	£2,301	£1,777	£2,193
SECCo operations	£1,254	£1,258	£1,344
PMO	£897	£878	£859
OPR Audit	£120	£120	£120
Contingency	£1,279	£805	£823
Total	**£17,850**	**£16,903**	**£17,287**

Table 4 explains the movement between the March 2025 forecast for 2026–27 and the updated budget proposed in January 2026.

The overall increase of **£0.357m** reflects a rebalancing of expenditure as plans have matured, rather than an expansion of scope. Reductions across several business lines, including SEC strategic management, SEC Mods, SEC Party engagement and administration, SEC-related services and PMO, reflect the completion of time-limited activities, improved delivery efficiency and the transition of initiatives from development into steady-state operation. These reductions are offset by increased investment in areas where activity and complexity have crystallised during the year. In particular, additional funding for SEC operations in industry and Change/SEC projects reflects strengthened operational oversight, enterprise risk management improvements, AI-related testing activity and the mobilisation of new assurance and governance arrangements. Increased provision for SEC contract management and contingency reflects a more mature and transparent approach to managing supplier performance, delivery risk and uncertainty. The Contingency provision is designed to protect against specific risks, including:

- Planned project overruns or scope misalignment
- Significant change activity outside SECCo's control that could require additional resources (for example, DCC change programmes or wider industry data and security initiatives)
- Code Manager requirements that have not yet fully matured

A further 5% unallocated Contingency has been included to reflect feedback from SEC Parties during past consultation cycles. Any use of Contingency funds will be subject to rigorous review and approval by the SEC Panel and Board.

Overall, the revised profile demonstrates disciplined cost control, clearer alignment between funding and delivery priorities, and a more robust and realistic allocation of resources as plans move from forecast to delivery.

Table 4 – Total projected expenditure by function. Comparison of March 2025 projections and January 2026 changes

Cost projection per business line	2026 -27 Projected in March 2025 000's	2026-27 Proposed in January 2026 000's	Variance (000's)
SEC Panel/Board operations	£1,026	£1,072	£46
SEC strategic management	£3,039	£2,500	-£539
SEC operations in industry	£2,438	£3,360	£922
SEC Mods	£1,897	£1,228	-£669
SEC Party engagement & admin	£1,246	£899	-£347
SEC Party management	£207	£127	-£80
SEC-related services	£3,070	£2,411	-£659
SEC contract management	£311	£401	£90
Change/SEC projects	£677	£2,301	£1,624
SECCo operations	£1,222	£1,254	£32
PMO	£1,461	£897	-£564
OPR Audit	£99	£120	£21
Contingency	£800	£1,279	£479
Total	**£17,493**	**£17,850**	**£357**

This table illustrates how the 2026–27 budget is distributed across service providers, SECCo and other costs, reflecting a deliberate and mature balance between external delivery and in-house capability.

Most of the expenditure continues to sit with service providers, particularly in areas such as SEC operations in industry, SEC-related services and Change/SEC projects, where specialist expertise and scalable delivery are required. At the same time, the profile shows a strengthened SECCo cost base, most notably in strategic management, contract management and SECCo operations, reflecting the continued embedding of the Target Operating Model and the insourcing of critical governance, commercial and assurance functions.

This mix supports stronger accountability, clearer oversight of suppliers and improved value for money, while retaining the flexibility to draw on external capability where it is most effective. The inclusion of a defined contingency provides appropriate headroom to manage uncertainty and emerging priorities without disrupting delivery or requiring in-year budget increases. Overall, the allocation reinforces the Business Plan's core principles of disciplined cost control, proportionate use of service providers and a gradual shift towards a more resilient, professionally governed operating model that can sustain increased complexity over time.

Table 5 – Total projected expenditure by cost centre for 2026-27 Budget

der	Service Providers (000's)	SECCo (000's)	Other (000's)	Total (000's)
SEC Panel/Board operations	£675	£245	£152	£1,072
SEC strategic management	£1,548	£916	£36	£2,500
SEC operations in industry	£2,314	£990	£56	£3,360
SEC Mods	£1,041	£187	£ -	£1,228
SEC Party engagement & admin	£652	£247	£ -	£899
SEC Party management	£127	£ -	£ -	£127
SEC-related services	£2,411	£ -	£ -	£2,411
SEC contract management	£0	£401	£ -	£401
Change/SEC projects	£2,076	£225	£ -	£2,301
SECCo operations	£142	£1,034	£78	£1,254
PMO	£897	£ -	£ -	£897
OPR Audit	£120	£ -	£ -	£120
Total (Without Contingency)	**£12,004**	**£4,245**	**£322**	**£16,570**
Contingency				**£1,279**
Total (With Contingency)				**£17,849**

Appendix A: SEC FUNCTIONS – Overview of SEC business architecture

	Function	Description
1	**SEC Panel/Board operations**	All business of the Panel and Board, including appointments, financial oversight, management of SEC activities/Sub-Committees and overall risk.
2	**SEC strategic management**	Strategy development, business and technical architecture management, security architecture management, consultations/regulatory affairs, and liaison with other Codes (including the work of TABASC, SSC, PSC and SMKI PMA). We understand that some of this work could currently be considered more operational than strategic, but it is our intention to re-orientate this work to a more strategic level.
3	**SEC operations in industry**	Work relating to industry operations, communications transition, system performance management, testing and new/enhanced activities for this coming year - SEC Party Performance Assurance and DCC liaison. (This covers the work of OPSG, CTG, TIRG, PMR WG, TAG, SMIRT, PAB, the Customer Challenge Group and new Finance Sub-Committee).
4	**SEC Mods**	All activity relating to Modifications: Modifications process oversight and management, MP refinements, Impact Assessments, and recommendations, DESNZ designation management and SEC document maintenance (including the activities of Change Board and CSC).
5	**SEC Party engagement & admin**	Engagement calls/meetings, website maintenance, webinars/workshops, contact list/email group maintenance, helpdesk/email management and Customer Satisfaction Survey.
6	**SEC Party accession management**	Management of: SEC accession/exit, SoLR, SNA process, default, DCC User process.
7	**SEC-related services**	Operation of: CPA (including the work of SCIRS and a proposed new CPA Sub-Committee), CPL, User security/privacy assessment, SMDA (covering the work of SMDASC).
8	**SEC contract management**	Procurement and management of Code Administrator/Secretariat and other service providers required to deliver the services needed for effective management of the SEC.
9	**Change/SEC projects**	All projects set up to deliver a one-off outcome. Note that many items considered "projects" in previous years have now been included elsewhere because they are recurring annual items.
10	**PMO**	All project management office-related activities, regardless of the Sub-Committee (or other activity) to which they are linked. Included in PMO are planning, monitoring/reporting, administration, secretariat, elections, risk management and continuous improvement.
11	**SECCo operations**	IT, financial, HR/payroll & other admin, recruitment, and any other activities which allow SECCo to operate as an independent company.
12	**SEC Panel/Board operations**	All business of the Panel and Board, including appointments, financial oversight, management of SEC activities/Sub-Committees and overall risk.

Thank you for your continued support!

Input from SEC Parties have played an important role in shaping our priorities and ensuring the plan responds to the industry’s needs.

You can get in touch with us at consultations@seccoltd.com