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SEC Panel Approved Budget

2018 – 2021

Effective on 1st April 2018

Change History

VERSION	STATUS	ISSUE DATE	AUTHOR	COMMENTS
0.1	Draft	29/09/2017	SECAS	Initial Draft release for PFCG Review
0.2	Draft	06/10/2017	SECAS	Updated Draft with PFCG comments
0.3	Draft	03/11/2017	SECAS	Updated Draft with Panel comments
0.4	Draft	01/12/2017	SECAS	Issued for consultation
1.0	Final	08/03/2017	SECAS	Final

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1. Summary

The Smart Energy Code (SEC) requires the SEC Panel to develop a 3 year budget for consultation in January of each year.

As part of the 3 year budget set in 2017, the estimated budget for 2018-19 was £6,753,600 (the '2017 estimated budget').

The SEC Panel Budget for 2018-19 (effective 1st April 2018) is £6,767,775. This is a £14,175 increase from the budget estimated in 2017, but a £227,325 reduction from the current 2017/18 Approved Budget.

2017/18 Budget	2018/19 Estimated Budget	2018/19 Approved Budget
£6,995,100	£6,753,600	£6,767,775

Table 1: Approved 2018/19 Budget against previous Budget

1.1 Variance from Estimated Budget 2018/19

For the purposes of this Budget any variations, unless otherwise stated, are against the 2017 estimated budget for the 2018-19 financial year (as defined within the Approved Budget 2017-2020¹).

The following commentary highlights the key variations:

- An overall increase of £34,500 (from £693,000 to £734,550) in the SECCo and Panel Operations category due to:
 - A reduction in the legal provision from £100,000 to £50,000 based on current run-rate and expected out-turn for 2017/18;
 - The inclusion of a £72,000 provision (based on contractual arrangements with SECCo) for an Independent Chair for the newly established Operations Group; and
 - Additional provisions in the 'Systems' category to cover Casewise support to the Business Architecture Model and an increase in the website maintenance provision to replace the previous SECAS project.
- An overall increase of £339,000 (from £4,869,000 to £5,208,000) in the SECAS Services category due to:
 - An increase of £330,000 (expected provision £3,160,000) in the SECAS Core Delivery Team. This includes a circa £100,000 increase as a result of the recalculation of SECAS costs to reflect a CPI increase of 3% (based on an estimation of December 2017 CPI) in line with the contract provisions. The remainder allows for an additional 0.9 FTE to support the continuing increase in activity including:
 - Support to the newly established Operations Group, including administrative and secretariat functions as well as more specialist support in relation to the monitoring of DCC Performance Reports; and

¹ [Approved 2017-20 budget](#)

- Release Management activities, previously undertaken via the DCC Live Project provision, have been moved into the Core Delivery Team due to the transition of release management into enduring governance.
- A marginal increase in the Community of Expert Resource and Support Costs category (previously included together as the SECAS Projects provision) of £20,000 (expected provision £1,500,000). This is predominantly due to an increase in the support to the Security and Privacy Service Area and includes provision for a Data Privacy Expert. Cost efficiencies have been made across the technical CoE resource by bringing knowledge and technical expertise into the Core Delivery Team. Further detail is found under Section 4.2; and
- A reduction of £11,000 (expected provision £209,000) for the accommodation costs based on forecast out-turn rates for 2017/18.
- A reduction of circa £360,000 (£870,000 to £510,000) in the Projects Category due to:
 - A £200,000 reduction in the Smarter Markets provision (expected provision £350,000). This is based on Ofgem's estimated resource requirements for support to the programme during 2018/19;
 - The removal of the Enrolment and Adoption project (expected provision £50,000), due to a diminishing likelihood of any activities being required by the Panel over and above the release activities to be carried out through the SECAS Core Services;
 - Reduction of £150,000 (expected provision £250,000) for Technical Effectiveness; and
 - A time-shift of £40,000 spend (from the expected provision of £220,000) for the Annual Security Obligations Project due to a delay in the carrying out of the Risk Assessment work in the 2017/18 financial year.

2. Budget

Table 2 provides an overview of each of the budget categories and their associated budget lines; alongside the previous 2017/18 Budget and Approved 2018/19 budget. Any expenditure against the budget categories requires approval and oversight from the SEC Panel/SECCo Board as outlined in Section 4.4.

Sections 3 – 7 of this document set out a breakdown of each budget category and provides further detail on the drivers behind the proposed budget.

Budget Category	2017/18 Budget	2018/19 Estimated Budget	Approved 2018/19	Approved 2019/20	Approved 2020/21
SECCo and Panel Operations	£693,000	£693,000	£727,500	£784,500	£784,500
SECAS Services –					
Core Delivery Team	£3,140,000	£3,160,000	£3,490,000	£3,594,700	£3,702,541
Community of Expert Resource	£1,694,000	£1,500,000	£1,232,000	£1,240,000	£1,240,000
Support Costs			£288,000	£250,000	£200,000
Accommodation Costs	£215,000	£209,000	£198,000	£188,000	£188,000
SECAS Services Sub-Total	£5,049,000	£4,869,000	£5,208,000	£5,272,700	£5,330,541
Projects	£920,000	£870,000	£510,000	£435,000	£445,000
Contingency (5%)	£333,100	£321,600	£322,275	£324,610	£328,002
Total	£6,995,100	£6,753,600	£6,767,775	£6,816,810	£6,888,043

Table 2: SECCo/SEC Panel Approved Budget Projections

2.1 CPI

The rates for SECAS Services have been uplifted from the 2017/18 Approved Budget by 3.0%, to reflect the CPI figure for December 2017 in line with contractual arrangements. For 2019/20 and 2020/21 the estimate of 3.0% has also been used.

3. SECCo and Panel Operations

3.1 Overview

Table 3 below sets out the budget for the SECCo and Panel Operations category, with the following budget lines included:

- Panel and SECCo Board Operations – which will cover any costs associated with the Panel and SECCo Board Members, or contractual requirements;
- Sub-Committee Expenses – to cover any potential expenses for each governance entity;
- Independent Chairs and Specialist Resource – provisions to cover the expenditure on Independent Chairs and any specialist resource required; and
- Systems – a new category to cover the costs in relation to the systems that are maintained on behalf of the Panel and SECCo.

Description	2018/19 Estimated Budget	Budget Lines	Provision	2018/19 Approved Budget
Panel and SECCo Board Operations	£293,500	1. Panel Members 2. SECCo 3. Legal 4. SEC Party Engagement Day 5. Customer Satisfaction Survey	£155,000 £25,000 £50,000 £7,500 £11,000	£248,500
Sub-Committee Expenses	£30,000	6. All Sub-Committees	£30,000	£30,000
Independent Chairs and Specialist Resource	£336,000	7. SMKI Specialist 8. SMKI PMA Independent Chair 9. SSC Independent Chair 10. TABASC Independent Chair 11. Operations Group Independent Chair	N/A	£396,000
Systems	£33,500	12. Website Maintenance 13. Casewise 14. File Sharing Solution	£15,000 £30,000 £8,000	£53,000
Total	£693,000			£727,500

Table 3: SECCo and Panel Operations Budget Line Provision Detail

3.2 Assumptions

The following assumptions/notes have been made for each budget line within Table 3:

Panel and SECCo Board Operations

1. Panel Members – forecast composed of Panel Chair remuneration (including RPI uplift estimate of 3.5%) and Panel Member expenses based on an average from 2017/18. It covers the SECCo Board, SEC Panel and Panel Finance and Contracts Sub-Group (PFCG) meetings, and any liaison with other Codes.
2. SECCo – cover for audit, tax and insurance. This budget line remains in line with previous years and the estimated 2018/19 figure.
3. Legal – a provision for general legal counsel. In previous years a separate line item for SMKI legal requirements has been included, however with no drawdown to date it is proposed that the legal provision covers any requirements across the committees and the Modification Process. This budget line has been reduced to £50,000 from the estimated 2018/19 figure of £100,000 due to limited draw-down to date and based on the forecast out-turn for 2017/18.
4. SEC Party Engagement Day – in line with SEC Section C2.3(k) and held in July of each year. The provision remains in line with the 2017/18 budget provision to cover the venue hire and other non-resource costs e.g. printing presentation packs.
5. Customer Satisfaction Survey (CSS) – this provision allows for the annual contractual CSS, at a cost of around £6,000. Within 2016/17, Ofgem introduced the cross-code survey, however it is unclear whether this survey will be repeated in subsequent years. As a result of this uncertainty, a provision of £5,000 has been included for the SEC to contribute for its share of the survey costs to National Grid (who signed the contract on behalf of all Code Administrators). This provision is in line with the invoiced costs for the initial survey that was conducted from November 2016.

Sub-Committee Expenses

6. Sub-Committee Expenses – Sub-Committee expenses are based on the Panel Expenses Policy with a provision of circa £300 per meeting. This provision is in line with the estimated 2017/18 figure, however a reduction on a per meeting basis based on the forecast out-turn for 2017/18. It is also worth highlighting that only Sub-Committee Members can claim expenses, as Working/Expert Groups are not able to claim as per the current drafting of the SEC.

Independent Chairs and Specialist Resource

7. SMKI Specialist – a provision for the support to the SMKI Policy Management Authority (SMKI PMA) as outlined within SEC Section L1.14(a). This amount is based on current contractual arrangements with the SMKI Specialist and is in line with the 2017/18 Approved Budget.
8. SMKI PMA Independent Chair² – a provision for the Independent Chair for the SMKI PMA including specialist activities and support, based on a maximum of 4 WDs per meeting, and is based on current contractual arrangements. The SMKI PMA are expected to meet on a monthly basis.
9. Security Sub-Committee (SSC) Independent Chair – a provision for the Independent Chair for the SSC including specialist activities and support, based on a maximum of 11 Working Days

² The Independent Chairs for each of the Sub-Committees are contracted on the same terms

(WDs) per month, and is based on agreed contractual arrangements. The SSC are expected to meet on a fortnightly basis in line with current arrangements.

10. TABASC Independent Chair – a provision for the Independent Chair for the Technical Architecture and Business Architecture (TABASC) including specialist activities and support, based on a maximum of 4 WDs per meeting, and is based on current contractual arrangements. The TABASC are expected to meet on a monthly basis.
11. Operations Group Independent Chair – a new provision for the Independent Chair for the Operations Group established in August 2017, including specialist activities and support. The provision is based on contractual arrangements with a maximum of 5 WDs per month. The Operations Group are expected to meet on a monthly basis.

Systems

12. Website Maintenance – to cover second line support from the external website provider. First line support is provided by SECAS through its Community of Experts (CoE). This provision is based on £675 per month as per the contractual arrangements with the Service Provider, a reduction from £750 per month in previous years. An additional £7,000 has been included to cover any enhancements required following the release of the new Website at the end of 2017. This replaces a separate project provision, which has previously been included (Website Enhancements SECAS Project provision).
13. Casewise – in line with the current Memorandum of Understanding between SECCo and the Master Registration Agreement Service Company (MRASCo), this provision covers the shared service costs for Casewise. Costs have also been included this year for three releases of the Business Architecture Model, which are managed by Casewise.
14. File Sharing Solution – a provision for Egress as the solution to provide confidential file sharing for all Governance Committees and the User CIO to share User Security Assessment reports with Parties. The provision relates to the annual licence and platform support.

4. SECAS Services

4.1 Overview

SECAS are required to undertake the tasks and activities as described within SEC Sections C7.2 and C7.3, which at a high level specify:

- Supporting and advising the Panel, its Sub-Committees, and Working Groups (WGs) as required, including during the proceedings of the meetings;
- Supporting the elections/nominations process for the Panel, its Sub-Committees and WGs;
- Supporting Parties through the accession and User Entry processes, and maintaining the SEC Party details;
- Providing or procuring information as required by the Panel, including publishing the latest version of the SEC on the Website;
- Delivering the modifications process, maintaining the Modifications Register, and acting as a critical friend in providing assistance and support to Parties; and
- Acting in accordance with the Code Administration Code of Practice (CACoP).

The SECAS Services budget has the following four budget lines:

1. Core Delivery Team

The Core Delivery Team consists of a range of grades that have developed within the team, or have joined as part of the expansion of the services since initial designation of the SEC.

The team structure has continued to evolve over the last 12 months to absorb the new services required and to continue to transfer knowledge from the CoE resource to enable the services to be embedded within the Core Team, driving cost efficiencies. Further detail on the core SECAS team structure is provided in Section 4.3 of this document.

2. Community of Expert (CoE) Resource

The Core Delivery Team is supported by named individuals within the CoE for SECAS project work and to provide specialist in depth technical and security expertise as required.

The CoE effort is not included within the Core Delivery Team forecasted budget and is included as a separate provision under each Service Area to allow further control and oversight over this flexible resource. The CoE resource is used on a call-off basis when demand requires and spend is controlled on a monthly basis through the management report and at a work package level on a quarterly basis.

3. Support Costs

Costs to cover any required spend on expenses (such as required memberships or licences) and any Service Provider costs (such as User CIO costs).

4. Accommodation Costs

This includes meeting rooms, Panel Chair office and contractor space rental in line with previous Panel Approved Budgets.

In order to make the budget more transparent, we have separated out the Accommodation Costs from the other SECAS Services so that the drivers behind each service area are more easily understood.

Section 4.2 of this document covers the SECAS Services budget by Service Area, whilst section 4.5 details the budget for Accommodation Costs.

4.2 Service Areas

Since establishment of the SEC in September 2013, the SECAS services have grown in line with development of the SEC and through requests from the Panel and its Sub-Committees. An enhanced and intelligent SECAS function is now provided covering the following Service Areas:



Table 4 below sets out the budget provisions for each Service Area. The budgets for each Service Area are split out between Core Delivery Team costs, Community of Expert (CoE) resource costs and any Support Costs as described in Section 4.1.

Service Area	Budget Provision			Total
	Core Delivery Team	Community of Expert Resource	Support Costs	
Panel & Board	£550,000	N/A	N/A	£550,000
Technical & Operational Activities	£735,000	£250,000	£1,000	£986,000
Security & Privacy	£495,000	£632,000	£253,000	£1,380,000
Change and Releases	£1,140,000	£350,000	N/A	£1,490,000
Party Engagement and Support	£570,000	N/A	£34,000	£604,000
TOTAL	£3,490,000	£1,232,000	£288,000	£5,010,000

Table 4: SECAS Services Budget Line Provision Detail

A breakdown of each Service Area can be found in Sections 4.2.1 – 4.2.5 below.

4.2.1. Panel and Board

Core Delivery Team Activities

Provision: £550,000

SECAS are required to provide support to the Panel and the SECCo Board as per the SEC requirements.

The provision for this Service Area covers the secretariat and administration required in relation to the monthly Panel and Board meetings. This includes the following activities:

- Paper development and review, approximately 24 papers per meeting on a monthly basis;
- Meeting attendance, secretariat, and other post meeting activities as required;
- Maintenance of action logs and decision logs;
- Liaison with the Independent Chair on specific items of business, approval of meeting agendas, gaining input on required actions;
- Liaison with the DCC and BEIS in relation to specific agenda items and preparation for each meeting;
- Maintenance of Risk Registers and Activity Planners;

- Financial reporting, development of annual budgets (including engagement with the PFCG) quarterly Work Packages, re-forecasting activities and support to the annual SECCo audit;
- Undertaking Company Secretariat activities for SECCo Ltd;
- Undertaking scheduled elections and any ad hoc elections required; and
- Member support, including maintenance of distribution lists.

For each of the Sub-Committees that are supported under the other Service Areas, the above activities are included.

4.2.2. Technical & Operational Activities

Core Delivery Team Activities

Provision: £735,000

Technical and Operational activities are relatively new services that have previously been included under specific project items.

The following activities are included under this provision:

- Processing submissions of the Certified Products List including undertaking validation, liaising with the submitter, publication on the Website, extracting and digitally signing the file and submitting to the DCC and informing all Parties of the updates to the CPL. Assumption of effort is based on the current Submissions Process;
- Development and continuous improvement of the CPL Submissions Process, including liaison with the DCC;
- Supporting the maintenance of the Technical Architecture Document and the Business Architecture Document, including making any updates to the Business Process Model via Casewise;
- Supporting the Issues Process, liaising with SEC Parties, Technical Experts, Sub-Committees and the DCC on solutions and workarounds;
- Reviewing and liaising with the DCC / BEIS / Ofgem on the DCC reporting suite, specifically the monthly DCC Performance Report;
- Supporting the Technical and Business Expert Community (TBEC), including managing any nominations and providing regular updates on TABASC activities;
- Maintenance of Issues Log and updating Parties as and when required;
- Maintenance of Design Notes, including updating, as required, in line with SEC releases;
- Providing secretariat and administrative support to the TABASC, Operations Group and the TAG;
- Supporting the DCC and BEIS with development of any testing documentation required for upcoming releases, including providing review comments as required;
- Interaction with transitional and DCC-led groups as required, including TBDG, TSIRS, TDEG and Design Fora; and
- Onboarding of knowledge from the Community of Experts via knowledge transfer sessions and shadowing.

Community of Expert Resource Activities

Provision: £250,000

A provision has been included for technical expertise sourced from the CoE to provide ad hoc activities to support the TABASC, TAG and Operations Group. This expertise includes those who have been involved with the technical aspects of the Smart Metering Implementation Programme (SMIP) and therefore, have the in-depth knowledge and expertise to support the activities below. Under this Service Area, knowledge is being transferred from the CoE into the Core Team, enabling a reduction in the CoE Support costs from previous years.

Activities expected throughout 2018/19 include:

- Reviewing impacts on the Technical and Business Architecture Documents, including assessing where change is required from approved Modification Proposals and any BEIS-led change;
- Supporting releases of the Business Architecture Model. It is assumed three releases will be required per year in line with the current Panel Release Management Policy;
- Providing expert support and knowledge on User and DCC Testing requirements as required, e.g. input into testing documentation reviews, attendance on weekly testing update calls; and
- Any ad-hoc support required in relation to the technical and operational aspects of the SEC, e.g. providing expert knowledge required to support the helpdesk, CPL submissions, advice on issue resolution, dispute resolution and events of default.

Support Costs

Provision: £1,000

A provision has been included for the annual membership fee of £1,000 for the DLMS User Association. The TABASC agreed in June 2017 that SECAS should become a member to enable access to the DLMS specifications. It is assumed that this membership will continue throughout 2018/19.

4.2.3. Security & Privacy

Core Delivery Team Activities

Provision: £495,000

SECAS are required to support a number of activities in relation to the security and privacy obligations in the Code. The effort required to support these activities has increased over the last 12 months as Parties have undertaken their initial Security Assessments and engaged with the User CIO. Throughout 2018/19 the level of activity is expected to continue to increase with new entrants and non-domestic Suppliers requiring support, as well as providing support to Parties undertaking their year two assessments. Parties are also expected to engage with the Privacy Assessment process as use of the DCC Services ramps up.

The following activities are provided for within this Service Area:

- Administering the booking process for Users' Security and Privacy Assessments;
- Providing support to Parties through the Assessment process. This includes setting up secure areas on the file sharing site to enable the sharing of confidential information, providing helpdesk support via a dedicated security mailbox. Over the last year, the SECAS team have supported 41 Parties through the assessment process;
- Administering and attendance on engagement calls with Parties in the lead up to their User Assessments;
- Requesting, logging and responding to feedback received from Parties in relation to the Security / Privacy Assessment process;
- Liaison with the User CIO in relation to assessment booking, the Assessment process, and updates to documentation;
- Development and continuous improvement of the Security and Privacy Assessment process, including developing and monitoring a feedback mechanism;
- Supporting the Security Incident Management Process, including liaising with Parties, handling any sensitive information, communications to SEC Parties and liaising with the SSC, Security Experts and the DCC on appropriate resolution; and
- Providing secretariat and administrative support to the SSC and SMKI PMA.

Community of Expert Resource Activities

Provision: £632,000

The CoE support to the Security and Privacy Service Areas covers 2 FTE in line with previous years and current run-rate. The resource required is to cover specialist activity to be undertaken by accredited security professionals. The FTE requirement is expected to continue at the current run-rate, however is not expected to be transferred into the Core Delivery Team to allow flexibility in call-off against the high-end resource i.e. the resources will only be utilised if demand requires. The resources include the secondee from the BEIS Security Team until June 2018. This resource is providing 1 day a week support to the Security Sub-Committee to enable continuity between the transitional and enduring security governance.

The following activities are provisioned for:

- Undertaking the validation stage of the User Security Assessment Process. This involves reviewing the User Security Assessment Report and the Management Response against any observations;
- Attendance at the Security Sub-Committee meetings to provide expert advice and support;
- Providing security expertise on any security incidents raised;
- Identification of detailed security impacts on any Modification Proposals raised; and
- Support to any activities outlined in the SEC and as directed by the SSC Chair.

There is also an additional provision for a Data Privacy Expert to support any Privacy Assessment validation required and any updates to the Privacy Controls Framework. This may also contain any activities required to support the incoming General Data Protection Regulation (GDPR).

Support Costs

Provision: £253,000

As outlined in the SEC, the costs for the User CIO in relation to undertaking the Security and Privacy Assessments will be charged directly to Users via Explicit Charges from the DCC.

In addition to the specific assessment costs, the User CIO also undertakes activities to support the Security and Privacy Assessment processes. It has previously been agreed that the costs associated with these activities are centralised and not attributed to any one Party. Therefore, a budget provision of £250,000 has been included to allow for:

- The attendance of the User CIO at Security Sub-Committee meetings;
- Further development and updates to the Security Controls Framework and the Agreed Interpretations;
- Attending engagement sessions for Parties in the form of seminars and tailored individual workshops;
- Any additional support that may be required in line with the SEC provisions. For example, the User CIO providing advice on the suitability of any remedial action plan as a consequence of an Event of Default; and
- Undertaking such activities as required in further relation to SEC Section G8.

This budget provision is based on the current run rate, which is expected to remain at the same level over the next 12 months as Small Suppliers continue to go through the assessment process and Parties begin to undertake their second-year assessments. The provision remains at this level in years 2 and 3 of the budget, although it is expected that efficiencies will be made during this time.

A £3,000 provision has also been included to cover costs in relation to any subscription required to the British Standards Institution (BSI) in order to keep up to date with any changes to the standards referred to within the SEC e.g. ISO27001.

4.2.4. Change and Releases

Core Delivery Team Activities

Provision: £1,140,000

The Modification Process was switched on in February 2016, with SECAS being required to support Modification Proposals through the process in line with the requirements set out in the Code. Since the switch on of modifications, SECAS have supported the raising of over 40 Modification Proposals.

The volume of Modification Proposals being raised is expected to continue at the current rate as Users commence Mass Rollout and identify areas of improvement and/or issues that require resolution. Therefore, the provision is based on 25 Modification Proposals being raised throughout the year.

The following Core Team activities will be undertaken to support the Modification Proposals through the process:

- Drafting and reviewing of Initial, Draft and Final Modification Reports for each Modification Proposal in the Process;
- Liaising with the DCC regarding Preliminary Assessments and Impact Assessments of Modification Proposals and solution development;
- Liaising with the Proposers of Modification Proposals and providing Critical Friend support throughout the process;
- Undertaking Critical Friend activities before the formal raising of a Modification Proposal, including undertaking review of the Modification Proposal Form submitted;
- Facilitating and chairing Modification Working Groups;
- Hosting a Modifications Question Hour on a monthly basis, involving preparation, managing attendees, attendance and any post-teleconference follow-up required;
- Liaison with the Authority regarding final determinations on Modification Proposals;
- Administering the Modifications Process in accordance with the CACoP, including providing up-to-date guidance on the process;
- Implementing and undertaking actions as required to undertake continuous improvement to the Modifications Process; and
- Providing secretariat and administrative support to the Change Board and Working Groups.

Also included in this Service Area, are the SECAS activities required to support SEC Releases, both transitional and enduring releases. The activities in relation to the R1.x series were undertaken as part of the DCC Live and Post Live Support project provision included within the 2017/18 Approved Budget. These activities have now been moved into the SECAS Core Services as the governance is transitioning to the enduring governance arrangements.

Release 2.0 (Dual Band Communications Hubs) and Release 3.0 (Enrolment and Adoption) both have scheduled implementation dates in 2018. The following activities will be undertaken by the Core Delivery Team as part of ongoing configuration and release management for the above releases:

- Preparation and release of upcoming versions of the SEC as a result of content being designated and through implementation of Modification Proposals;

- Updating the development versions of the SEC, the RASCI matrix and Service Catalogue in line with each SEC Release;
- Updating the Technical Specifications as required for each SEC Release;
- Maintenance of the Release Management Policy; and
- Liaison with BEIS and the DCC regarding upcoming SEC Releases and Content in order to coordinate releases and where possible drive cost transparency.

Any activities outside of those above that may be required in support of Release 2.0 and Release 3.0 are not provisioned for and any additional activity would be drawn down on from the contingency provisions.

Community of Expert Resource Activities

Provision: £350,000

In line with the previous Approved Budget, a provision of £350,000 for technical expertise has been included to support Modification Proposals through the Modifications Process. The Modification Proposals raised to date are, in the majority, very technical in nature and as a result, require in-depth technical analysis and solution development. To date, technical experts have been involved in the development of the Initial Modification Reports (IMRs), participation in the discussions at the WG meetings, and ad-hoc support of the modifications through the Refinement Process. The provision covers the following activities:

- Undertaking initial reviews of Modification Proposals to highlight any impacts, inaccuracies, and/or questions;
- Developing requirements based on WG discussion and feedback;
- Providing technical support at the WG meetings and modification updates at Sub-Committees;
- Reviewing DCC Preliminary and Impact Assessments to check the solution against requirements; and
- Commenting/reviewing the papers produced by the Core Delivery Team (WG headlines/solution design).

4.2.5. Party Engagement and Support

Core Delivery Team Activities

Provision: £570,000

Since the Party Support function was launched in March 2016, the service has grown substantially as Parties have started to undertake DCC User Entry activities and smaller parties have been engaged.

For 2018/19, the following activities have been provisioned for under the Core Delivery Team budget line:

- Helpdesk support via email and telephone. The SECAS helpdesk currently deal with an average of 150 telephone calls and 1000 emails per month. There has been an increasing trend since DCC Live as Parties become engaged in the User Entry Process, SEC Governance and the Modifications Process;

- Administration of the Accessions Process, including providing tailored support and advice to Parties as well as, administering the EUI-64 Identifier and Signifier allocation processes following accession. Over the past year, SECAS have supported 91 Parties through the Accessions process;
- Support to Parties through the DCC User Entry Process as set out in SEC Section H1. SECAS have supported 29 Parties through the process in 2017 and this is expected to exceed 60 Parties by the Small Supplier DCC User Mandate in November 2017. It is likely that the focus of the Party Support Service in 2018/19 will move to new entrants and non-domestic Suppliers;
- Administering, presenting and attendance at education events including quarterly Spotlight on the SEC Seminars and Introduction to the SEC Sessions;
- Sessions with individual Parties on an ad-hoc basis, covering specific areas of the SEC or providing a general overview of the SEC arrangements;
- Maintenance and development of guidance, including updating existing guidance documents in line with updates to the SEC;
- Liaison with BEIS, Ofgem and the DCC to share information and knowledge on how best to provide support to industry;
- Cross-code liaison and attendance at Cross-Code Administration Meetings and attendance at other industry code meetings as required;
- Review of consultation, decision and technical documents from BEIS, Ofgem and the DCC;
- Ongoing management and maintenance of SEC Party Details and distribution lists;
- Development and circulation of monthly newsletters and other ad hoc news items;
- Maintenance of the contact list required to support the management of Critical Alerts after DCC User to Non-DCC User churn;
- General website maintenance and management of content; and
- Internal knowledge sharing sessions and other research activities required to support the development of guidance documents, presentations with external stakeholders or questions.

Support Costs

Provision: £34,000

Previously included as a SECAS project, the additional costs in relation to this Service Area will provide for the non-resource costs associated with Party Engagement sessions e.g. meeting room hire, any printing costs and catering costs.

The additional cost provision also enables SECAS to claim expenses in relation to Party Support visits. This will allow SECAS to claim travelling expenses when attending meetings held at the request of a Party for education or knowledge sharing activities. In the first instance, video or teleconferencing would be offered to minimise the impact of external travel.

4.3 SECAS Core Delivery Team

To undertake the activities set out in Section 4.2 above, the following level of resource is anticipated to be required. The team comprises a range of grades to enable appropriate level of senior level oversight, expertise and knowledge, as well as junior level grades to undertake day-to-day activities and onboard knowledge.

Grade	Approved Budget 2017/18 FTE	Proposed Budget 2018/19 FTE	Role
Grade 6	0.6	0.6	Head of Code (0.3 FTE) – the Head of Code provides full-time support to SEC activities with 0.3 FTE allocated to Core Delivery Team activities including providing technical/governance expertise and input into the modifications process. The remaining 0.7 FTE will be allocated to projects such as Smarter Markets, Centralised Registration, and other new initiatives. Head of Delivery (0.3 FTE) – Provides contractual oversight and maintains strategic direction.
Grade 5	1	1	Responsible for the SECAS delivery team and strategic decisions. Contract manager with regular client interactions.
Grade 4	2.3	4.2	Three Delivery Managers with day-to-day responsibility for the SECAS Core Delivery team. Also includes financial support and corporate reporting from the finance team. One Senior Consultant to provide expert support across the Technical & Operations and Change & Releases Service Areas.
Grade 3	4	4	Team Leaders for Modifications, Party Support, Security and the lead for technical & operational support.
Grade 2	9	8	Providing support as Party Support Analysts, supporting activities on both the Governance and Operations teams including leads at Sub-Committee meetings, Modification Lead Analysts.
Grade 1	5	5	Provides secretariat support to the Panel and Sub-Committees whilst supporting Parties via helpdesk calls and general correspondence.
Total	21.9	22.8	

Table 6: Core Delivery Team Resource Breakdown

The below figure provides an indication of where the SECAS Core Delivery Team effort is placed on a per FTE basis. Resources are shared across functions however, for illustrative purposes are placed where the majority of their effort is based.

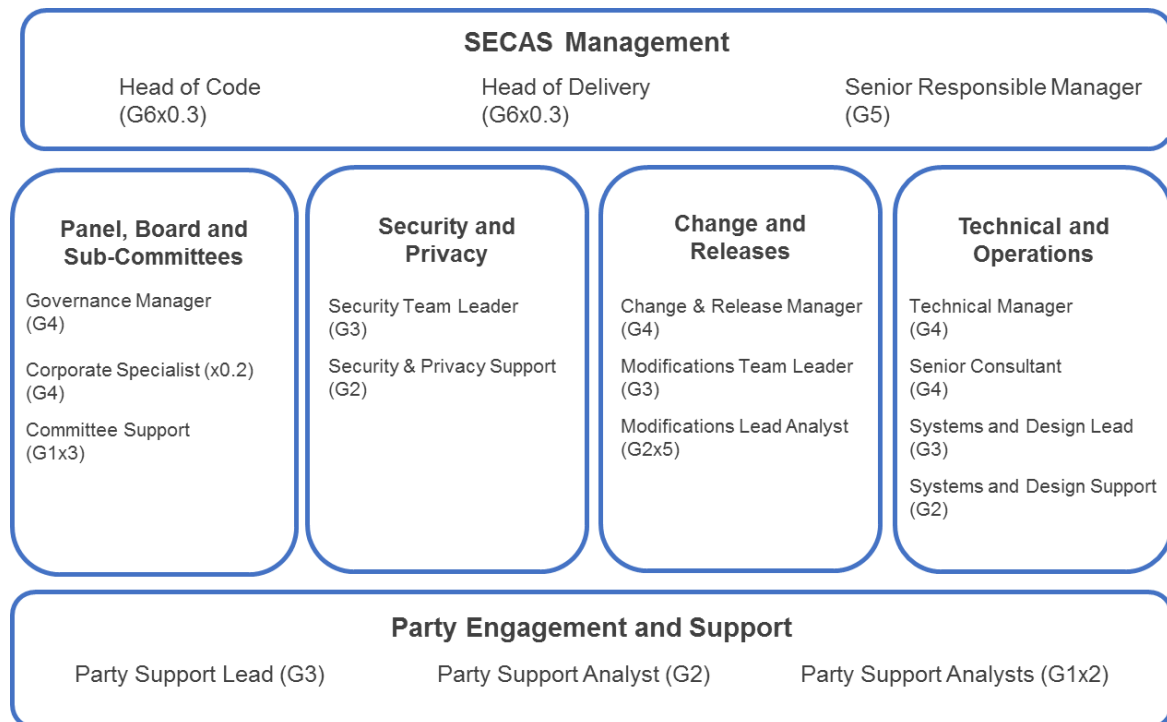


Figure 1: SECAS Resource per Service Area

4.4 Budget and Reporting

The SECCo Board provide oversight of the budget and control the spend against the budget based on quarterly Work Packages.

SECAS prepare the work-package paper to present to the Board for approval on a quarterly basis, which includes an estimate of the costs, timescales and resources required to deliver the expected activities during the quarter. This will also cover any anticipated expenditure against the Project Provisions (further detailed in Section 5). Out-turn on actuals against estimated costs is then provided to the SECCo Board following each quarter.

All activities undertaken by all SECAS team members are reported to the Panel and SECCo Board through the Operations and Management Reports on a monthly basis. In addition, an aggregated view of timesheet reports is provided to the SECCo Board as an attachment to the Management Report.

4.5 Accommodation Costs

Accommodation costs comprise the following elements:

- Meeting Rooms;
- Panel Chair Office; and
- Contractor Space Rental.

4.5.1. Meeting Rooms

Meeting rooms are arranged through SECAS and can either be provided at SECCo's registered premises, or via an external meeting provider if rooms are not available at the registered premises.

Where meeting rooms are arranged at the registered premises, they are charged at £1,000 per day for those that take a room for a significant part of the day, and are serviced with the appropriate facilities including catering and business support to attendees. Where a meeting room is required at an external meeting provider, costs will be charged as they are invoiced by the provider which will likely exceed £1,000 depending on the number of attendees³. However, Gemserv have negotiated preferential rates with a number of providers in close proximity to the registered premises. Every effort is made to hold meetings at the registered premises where possible, with client meetings taking precedence over internal meetings.

During 2018/19, it is envisaged that the Panel and its Sub-Committees will meet on a regular basis as detailed below. A budget provision of £1,000 per meeting has been included.

Meeting	2017/18	2018/19	2019/20
Panel/Board and PFCG	14	14	14
Change Board and Working Groups	48	48	48
SMKI PMA	12	8	8
SSC	24	18	18
TABASC and Expert Groups	18	18	18
Operations Group	16	16	16
TAG	6	6	6
Total	138	128	128

Table 7: Meeting Forecast

Meeting rooms hired for training events and seminars are included within the Support Costs under the Party Engagement and Support Service Area in Section 4 of this Approved Budget.

4.5.2. Panel Chair Office

In line with previous years, the cost of the Panel Chair's dedicated office has been capped at £2,000 per month without indexation across the three years of this Approved Budget. This is based on comparable market rates for an average of 13 days per month, and includes a private room and associated infrastructure.

³ Average c.£1,500 per meeting

4.5.3. Contractor Space Rental

SECCo have contracted with a number of individuals who provide specialist support to the Panel's Sub-Committees including Independent Chairs. SECAS provides office accommodation to these contractors within its registered premises.:

- SMKI Specialist;
- SMKI PMA & SSC Independent Chair;
- TABASC Independent Chair and technical specialist;
- Operations Group Independent Chair; and
- Security Support⁴.

The provision of £36,000 covers 20 days office accommodation per month at the rate of £150 per day. The provision is based on contractual arrangements with the above contractors and expected out-turn for 2017/18.

4.5.4. Total Accommodation Costs

Taking the three areas above into consideration, the total accommodation costs are provided below:

Cost	2018/19	2019/20	2020/21
Meeting Room Hire	£138,000	£128,000	£128,000
Panel Chair Office	£24,000	£24,000	£24,000
Contractor Space Rental	£36,000	£36,000	£36,000
Total	£198,000	£188,000	£188,000

Table 8: Accommodation Costs

⁴ Security Seconded from BEIS

5. Projects

This budget category outlines additional items of SEC expenditure during the next three Regulatory Years which are at the discretion of the Panel, and as such have been provided as 'bolt-ons' to the activities. The following sub-sections include estimates for budgetary purposes only.

The following projects are included with further detail provided in the below sub-sections:

- Centralisation Projects/Smarter Markets;
- Effectiveness of the End-to-End Technical Architecture; and
- Annual Security Risk Assessment.

Provisions for the following projects that have been included in previous years Approved Budgets are not included in this Budget:

- DCC Live and Post Live Support – this provision covered the activities to support the Panel activities in relation to Release 1.2 and 1.3 Live. Due to the release management activities transitioning into the Core Team the need for a separate project provision has been removed.
- Enrolment and Adoption – previously a provision has been included (£50,000) to cover any activities that may be required through emerging requirements in relation to the Enrolment and Adoption of SMETS1. As the delivery plan has evolved, the need for Panel involvement over and above the normal release activities has not emerged. Therefore, this project provision has been removed.

5.1 Centralisation Projects/Smarter Markets

The Panel has been supporting Ofgem's Smarter Markets project since 2015 by providing SECAS resources in the form of business process modellers and design leads. The Approved Budget 2017-2020 included a provision of £350,000 for 2017/18 to cover ongoing support to the Detailed Level Specification phase of the programme. This resource participates in the design teams underpinning the Smarter Markets Programme workstreams. These design teams work with Ofgem in the preparation of materials, which are reviewed by the relevant workstream User Groups and the External Design Authority Group (EDAG).

The Smarter Markets project is currently at an average run rate of £25,000 per month. It has been indicated by Ofgem that support throughout 2018/19 will continue to support the following activities albeit in a reduced capacity:

- End-to-End Design – Change Management;
- Regulatory Design – transitional and enduring regulatory requirements; and
- Delivery Workstream.

Therefore, the following provisions are proposed for 2018/19 and the following two years:

- 2018/19 - £150,000
- 2019/20 - £100,000
- 2020/21 - £100,000

5.2 Effectiveness of the End-to-End Technical Architecture

SEC Section F1.4 (e) requires that the TABASC, on behalf of the Panel, undertakes a review of the effectiveness of the End-to-End Technical Architecture (including so as to evaluate whether the Technical Code Specifications continue to meet the SEC Objectives), and report the outcome to the Panel. In August 2016, the Panel directed the TABASC to undertake the development of the review and be involved in approving each step of the proposals for the review.

The TABASC have developed an approach to undertake the review based on two stages. The initial stage will involve a risk-based questionnaire being prepared and sent out to Parties/Users at an appropriate point following Release 1.3. The specific timing of this is yet to be determined however, it is expected to commence in Q4 2017/18 and therefore, technical expertise to provide initial analysis of the responses to the questionnaire is expected in Q1 2018/19.

A second stage review will then be undertaken to delve deeper into the areas identified by the first stage questionnaire. It is currently anticipated that an independent organisation will be required to undertake this review and therefore, a provision has been included to undertake a procurement for a suitable organisation within this Regulatory Year. A procurement exercise will involve development of the preparatory tender documentation, which will be produced by a technical expert for review by the TABASC. The technical expert will also review all tender submissions, support the procurement panel during selection, and provide input into the contract drafting.

Activity	Resource Grade	Cost
Procurement Exercise	Principal Consultant	£60,000
Technical Effectiveness Questionnaire Review	Principal Consultant	£40,000
Total		£100,000

Table 9: Proposed Costs Associated with the Technical Effectiveness Review

5.3 Annual Security Obligations

As outlined in the Approved Budget 2017-2020, SEC Section G7.16 specifies that the SSC must carry out reviews of the Security Risk Assessment at least once each year in order to identify any new or changed security risks to the End-to-End Smart Metering System.

BEIS were responsible for undertaking the last Security Risk Assessment in late 2015/early 2016, and handed over the Risk Assessment report, the Risk Treatment Plan and the Security Requirements to the SSC as part of the activation of its new duties.

The SSC will procure the services of a specialist security organisation to complete the risk assessment using the SSC as the appropriate governance support. The last assessment took approximately four to six months to complete. The procurement to undertake this piece of work will be undertaken by end of 2017/18. Therefore, for 2018/19 a provision has been included for the preferred organisation to undertake the risk assessment review.

Additionally, there is a requirement to review the End-to-End Security Architecture and the Security Obligations and Assurance Arrangements on an annual basis. It is assumed that Security Expertise from the SECAS Community of Experts will be procured in line with the review currently being undertaken for completion by end of 2017.

This budget line includes a provision for:

- a provision for undertaking the risk assessments and updating the appropriate documentation with regular updates to the SSC; and
- a provision for undertaking the review of the security architecture, updating the documentation with regular updates to the SSC.

Activity	Resource Grade	Cost
Risk Assessment	External Estimate	£200,000
End to End Security Architecture and Security Obligations and Assurance Arrangements review	SECAS CoE Resource	£60,000
Total		£260,000

Table 10: Proposed costs associated with annual security obligations

5.4 Project Costs Summary

Project	2018/19	2019/20	2020/21
Centralisation Projects/Smarter Markets	£150,000	£100,000	£100,000
Technical Effectiveness	£100,000	£50,000	N/A
Annual Security Obligations	£260,000	£260,000	£260,000
Total	£510,000	£410,000	£420,000

Table 11: Projects Budget Category

6. Contingency

A contingency provision of 5% has been included. Table 1 of this Approved Budget provides an indication of the applicable budget with some amendments for rounding.

As with the projects budget category, the Panel will authorise releasing spend from the contingency provision.