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SEC Panel Draft Budget 2020-23 Consultation Responses

The SEC Panel consulted on the SEC Panel Draft Budget 2020 – 2023 in January 2020 in accordance with SEC Section C8.11.

The Approved Budget sets out the Panel’s good-faith estimate of the Recoverable Costs that it anticipates will be incurred (or committed to) for the next three Regulatory Years (2020 – 2023).

Three organisations submitted responses to the SEC Panel Draft Budget 2020 – 2023 consultation.

The responses are set out below along with the comments from the Panel against each of the areas.

The Approved Budget has been published on the SEC Website and will be effective from 1 April 2020.

Annex A – Summary of Consultation feedback and proposed SEC Panel responses

Comment Reference	Consultation Feedback	Draft SEC Panel Response	Action
Respondent: EDF			
1	We would like a more detailed understanding of why SEC accommodation costs increase to £253,400 from £189,000 last year.	<p>The primary driver is the increased volume of Sub-Committee meetings and workshops being requested to discuss the matters at hand and align with DCC required approvals (e.g. OPSG and TAG moving to bi-monthly meetings) (adding £34k).</p> <p>A £10k provision has been included for webinars and videography to improve the ability for Parties to dial in remotely.</p> <p>Office desk utilisation by the Independent Chairs is expected to increase in line with workloads and meetings (an additional £10k).</p> <p>And finally, a £10k provision for SECAS travel expenses has been included, to facilitate SECAS travelling outside London to meet with Parties. Only incurred costs will be charged for.</p>	Explain
2	<p><i>(Referring to SECAS Services budget increasing by £509,230 compared to 2019/20 Estimated Outturn)</i></p> <p>It is concerning that this figure is so high given that the User CIO costs have been moved to SECCO and Panel Operations - meaning the real 'like for like' increase is closer to £800k.</p>	<p>We acknowledge the point made and have considered carefully the introduction of additional support into the team. However, with the roll out rate increasing, demands on the service and team, are likewise increasing, and we need to keep pace.</p> <p>The new roles being introduced will bolster our capacity in the Technical Operations and Party Support areas, helping us keep on top of industry and DCC changes, and enabling us to offer increased support to Parties facing increasing constraints on resources.</p> <p>This area will be managed closely to ensure the right sizing of the team throughout the budgetary period.</p>	Explain
3	<i>(Referring to Party Support increase of £241,095 compared to the 2019/20 Estimated Outturn)</i>	These roles are being charged in accordance with the contractual rates agreed with SECAS. Whilst the cost may appear high, the expectation	Explain

Comment Reference	Consultation Feedback	Draft SEC Panel Response	Action
	This amount seems quite high if it is only being driven by two new Account Management roles.	is that the value which they generate by being able to offer a more proactive and tailored service to SEC Parties, will make this money well spent.	
4	I think we generally see the value of the services provided by SECAS and don't have an issue with those costs increasing, as long as there is evidence that the costs incurred by industry parties (for example as a result of the need to engage in the SEC Change processes) reduce commensurately.	<p>We note the comment.</p> <p>Specifically, in relation to SEC Change processes, SECAS and the DCC are working closely to improve and streamline processes.</p> <p>For example, the intention is for Modification Proposals to be consulted upon via the new digital platform, CodeWorks, which will make the process of responding easier for Parties, and the speed with which consensus reached, faster.</p> <p>Furthermore, SECAS and the DCC have already rolled out changes at the requirements stage, and now assess fully developed solutions with the Proposer, prior to presenting these to the Working Group. This approach will ultimately streamline the amount of time industry is required to review and input to solutions as they are developed.</p>	Noted
5	<i>(Referring to the use of Video at the Engagement Day)</i> Do we know how many people have used the video functionality?	<p>The Engagement Day videos have been viewed 71 times to date.</p> <p>Event feedback from SEC Parties has shown there is an appetite for videos. We are improving the website to make the videos easier to find by creating a new Events page with the video link embedded as an image.</p>	Explain
6	<i>(Referring to SoLR work)</i> We welcome and support the work that SECAS are doing in this area.	Thank you for the comment.	Noted
7	<i>(Referring to the Projects budget reducing in Years 2 and 3)</i> We are pleased to see that the intent is to try and reduce costs over time.	Thank you for the comment.	Noted

Comment Reference	Consultation Feedback	Draft SEC Panel Response	Action
Respondent: npower			
8	Due to financial and market pressures on suppliers, the SEC Panel should work towards reducing costs across the board. This in turn reduces the cost to our end customers.	We note the comment and will keep challenging for efficiencies throughout the regulatory period. We intend to run a number of procurements (including for the User Independent CIO service) during which cost will be a key determining factor. We also have a Digitalisation Strategy, an outcome of which we hope will be our ability to provide a more efficient, streamlined service.	Noted
9	We support internalising Subject Matter Expertise into the Core SECAS Team as this further reduces costs.	Thank you for the comment.	Noted
10	Where possible meetings should be held over the web to reduce cost of room bookings, refreshments and any associated expenses.	We note the comment, and as part of our SEC Digitalisation Strategy, intend to offer improved remote meeting facilities to both reduce costs and increase participation. We will be looking for SEC Parties to engage with these advancements, to ensure that these benefits are realised.	Noted
11	The 2020/21 figure of £8.3m is what is in the latest view of the overall DCC Charging Statement for RY20/21.	Yes, the SEC Panel provided the Draft Budget figure to feed into the DCC Charging Statement for RY20/21.	Noted
12	We do not have an opinion upon whether the activities that they do to consider whether or not the year on year FTE resource growth of 20% (plus a higher average grade) is sensible or not and also whether the other areas of cost growth would be expected.	We consider the resource increases to be appropriate given the roll out rate increasing, and demands on the service and team, likewise increasing. The new roles being introduced will bolster our capacity in the Technical Operations and Party Support areas, to help us keep on top of industry and DCC changes and enable us to offer increased support to Parties facing increasing constraints on resources. This area will be managed closely to ensure the right sizing of the team throughout the budgetary period.	Noted
Respondent: Anonymous			
13	We would welcome further scrutiny from the SEC Panel with regards to reducing costs which in turn	We note the comments made. As part of our SEC Digitalisation Strategy, we intend to offer improved remote meeting facilities to both	Explain

Comment Reference	Consultation Feedback	Draft SEC Panel Response	Action
	<p>reduces costs to our customers. A few examples could be: Reducing accommodation costs i.e. where possible meetings should be held remotely. We would expect Digitalising the SEC should reduce costs. We note under section 1.2 Budget Control refers to comparing costs on a quarterly basis. However, we would expect costs to be reviewing on a 'year to date' basis as well. We would like to question why the User CIO procurement budget does not assume any cost saving.</p>	<p>reduce costs and increase participation. We will be looking for SEC Parties to engage with these advancements, to ensure that these benefits are realised.</p> <p>In terms of Digitalising the SEC, we are expecting the main beneficiaries of this work to be SEC Parties, but any 'processing' time saved by SECAS will be reflected in the monthly charges.</p> <p>As well as a quarterly 'lookback', every month the Board also review expenditure for the month, year to date, and the full year forecast to keep control over the budget.</p> <p>User Assessment costs, the largest proportion of overall User CIO expenditure, do not form part of the SECCo budget. Central costs of £200k per annum do form part of the budget, and whilst we hope to achieve efficiencies here as part of the procurement process, we could not forecast these sufficiently to be able to build a reduction into the budget.</p> <p>Please note that any savings made as a result of the above will filter through to reductions in the actual charges.</p>	