



Forward Work Plan

2025-28

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CEO *foreward*



Sid Cox
Chief Executive Officer

The retail energy market continues to present challenges and opportunities for industry and consumers. Although wholesale energy prices have fallen from historic highs, in the absence of reform, there continues to be upward pressure on retail prices in the short term driven by the need for investment in energy infrastructure to achieve net zero targets, while some consumers continue to struggle with affordability and mounting energy debt.

Our Forward Work Plan for 2025-28 was informed by RECCo’s [2025-2030 Strategy](#) document published in December 2024. It sets out the contribution we intend to make and underscores the strides we are taking to strengthen and evolve our governance of the Retail Energy Code (REC), our core services to stakeholders and aligns with regulatory reforms and industry needs. Ofgem and the Department for Energy Security and Net Zero (DESNZ) have asked RECCo to deliver key initiatives. They are engaging us earlier in policy and programme delivery, which naturally fall under the REC. This brings new opportunities to improve the retail energy market and new responsibilities. Looking ahead, we recognise that the scope of what we are doing next year will not only enhance the current services we provide but also prepare RECCo for new services. As the retail energy sector evolves, so must we as an organisation.

Our focus will remain on adapting to this evolving landscape and preparing for and implementing required changes in both governance and service delivery. **We will continue to always take account of the impact on consumers in everything we do, while ensuring that our stakeholders are meaningfully engaged.**

In the past year, we have demonstrated our ability to successfully deliver improvements to our services, including enhancements to the REC Change Process and performance assurance mechanisms and programmes, as well as preparing for the implementation of the Market-wide Half-Hourly Settlement (MHHS). These achievements reflect our ability to meet immediate operational needs and set the foundation for the more ambitious projects ahead, such as the governance and development of an industry-wide Consumer Consent solution. This initiative aligns with our vision to enable a more dynamic and consumer-focused retail energy market.

Looking forward, the introduction of the Code Manager licence regime represents a transformative shift in industry governance. As one of the first entities to undertake this transition, we will build on our experience with Retail Code Consolidation to ensure a seamless adaptation.

Although we were disappointed with Ofgem’s decision not to transfer full governance of the Central Registration Service (CRS) to the REC, the consultation process underscored the critical need for performance improvements. We remain steadfast in our commitment to achieving higher service standards and leveraging the existing governance framework to deliver these enhancements, while prioritising security and protecting consumer interests. Of course, our ability to meet these growing expectations and the requirement to meet the obligations of the REC Licence, if awarded by Ofgem, depends on the continued support of our stakeholders. The increasing demands placed upon us will require additional resources to ensure we remain **agile and effective** in delivering our mission. We are committed to transparency in outlining our plans and budgets and welcome your engagement in shaping our path forward.

This year’s Forward Work Plan highlights our strategic priorities to **Perform, Protect, and Progress**—principles that guide us in delivering robust code management, safeguarding consumer interests, and fostering innovation in the retail energy market. With your partnership, we can navigate this transitional year and beyond, driving meaningful change for the benefit of consumers and the industry alike.



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Executive *Summary*

RECCo has developed its Forward Work Plan for 2025-2028 with a focus on service excellence, regulatory compliance, consumer protection, and support for innovation in the retail energy sector.

This document outlines the initiatives we will undertake to to achieve the Strategic Priorities set out in our [Strategy](#).



Strategic Themes and Priorities

RECCo’s strategic themes are anchored in three core areas. These represent RECCo’s commitment to excellence in code management, safeguarding consumer interests, and facilitating a dynamic and effective retail market.

Perform
Striving to deliver service excellence

Emphasises delivering service excellence, improving digital platforms, and supporting efficient operations.

Protect
Consumer protection and data security

Focuses on consumer data security, energy theft reduction, and regulatory compliance.

Progress
Innovation and market facilitation

Addresses ongoing support for market initiatives, including energy transition and flexibility, by driving innovative solutions.



Key Initiatives

Perform Striving to deliver service excellence

Continuous Improvement: Taking on board stakeholder feedback, our top priority this year has been striving to deliver service excellence through an action plan of short and medium-term improvements. RECCo aims to enhance the quality of code management services through robust performance management, assessment and continuous improvement initiatives, all informed by effective stakeholder engagement. We will evolve these services to support an agile and responsive code management framework, building on our new Digital Services platform.

Digital Services: As the current Code Manager Service Provider contracts are set to expire in August 2026, we have conducted a thorough service review, with support from a Stakeholder Advisory Group, to guide our future procurement strategy. Improving our Digital Services emerged as the top priority. We are currently competitively procuring a Digital Services partner who will provide a flexible, integrated and user-friendly digital platform to improve stakeholder engagement and operational efficiency.

Code Manager Services: Over the coming year, we will review our services and design requirements. We will set out our approach to reprocurring these services in our next Forward Work Plan.

Systems and technology - Central Registration Service: we remain committed to addressing performance challenges, and achieving measurable improvements in governance, service quality and operational efficiency.

Enquiry Services: We will enhance and optimise service performance and improve security.

Protect Consumer protection and data security

Energy Theft Reduction: A strategic priority involves equipping energy companies with the tools to detect, prevent, and address energy theft. RECCo plans to collaborate with service providers and policymakers to raise awareness and increase the effectiveness of theft prevention strategies.

Third-Party Intermediary (TPI) Code of Practice: RECCo will, if our Change Proposal is approved by Ofgem, seek to implement a mandatory code of practice for TPIs, ensuring compliance with standards and raising service quality in the non-domestic sector. This initiative addresses growing consumer reliance on TPIs and seeks to protect against potential misconduct in an increasingly complex energy market.

Consumer Consent for Data Sharing: If mandated by Ofgem, following the conclusion of its consultation process, RECCo will lead the development of a secure digital platform enabling consumers to manage consent for third-party access to their energy data. This aligns with regulatory goals to provide consumers with greater control over their information, enhancing transparency and consumer trust.

Progress Innovation and market facilitation

Market-Wide Half-Hourly Settlement (MHHS): As part of supporting a more dynamic and flexible energy system, RECCo will continue to deliver its contribution in a timely and effective manner to facilitate MHHS, which allows for more accurate settlement processes. Efforts include adapting systems, qualifying stakeholders, and preparing for full implementation post-2026.

Smart Secure Electricity System (SSES) – Tariff Interoperability: If mandated to by DESNZ, RECCo will establish governance and enabling services to support tariff interoperability. This will include developing a REC schedule and technical specifications to guide parties in fulfilling their tariff obligations, which will be subject to performance assurance.



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Key Initiatives

Upcoming Regulatory Change

Code Reform and Licence

With Ofgem introducing new licensing requirements for code managers, RECCo is preparing for a transition by 2026. This will involve revising governance processes, engaging stakeholders, and adapting to new oversight mechanisms.

As part of our new obligations as a Code Manager, we may be required to implement transformational changes outlined in a Strategic Direction Statement (SDS) from Ofgem. Ofgem has indicated that the first SDS will be subject to consultation in early 2025, and it may necessitate adjustments to our change programme before the Code Manager licence becomes effective.

Collaboration on Digital and Flexibility Initiatives

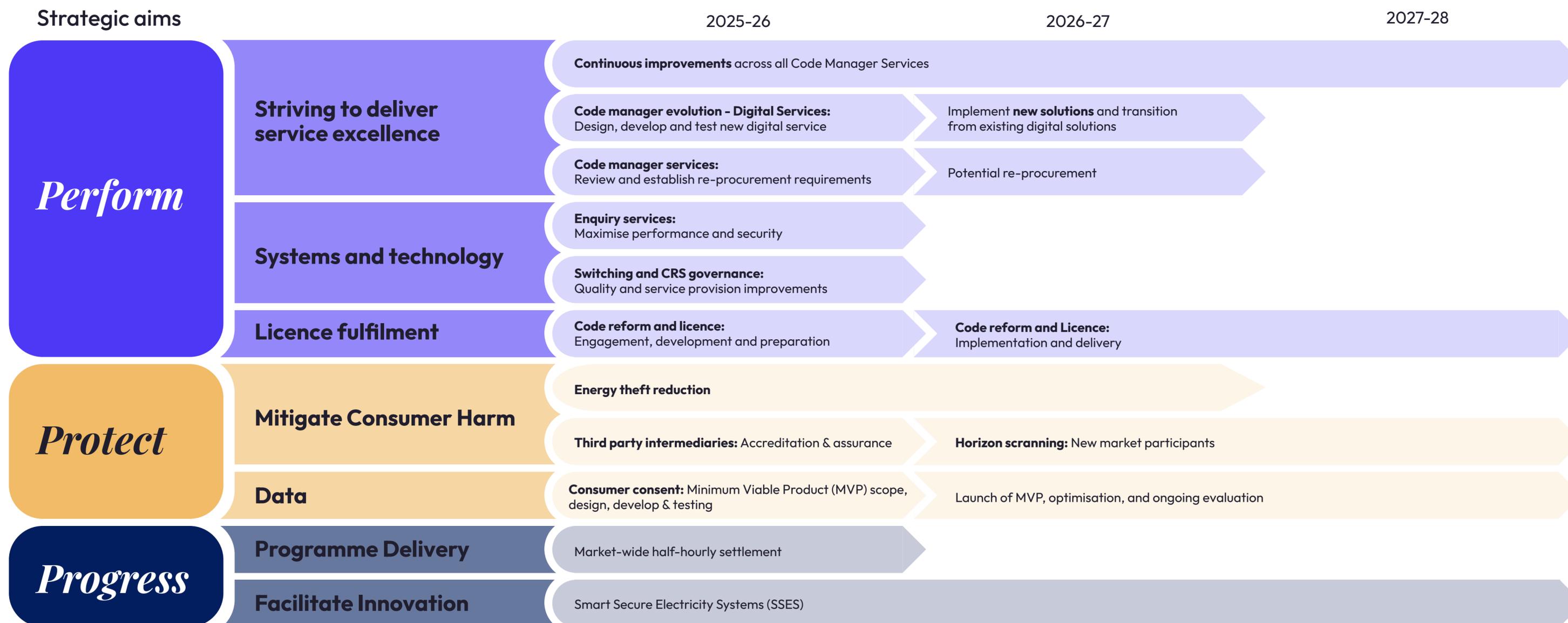
RECCo will collaborate with other organisations, including Elexon and NESO, to support ongoing digitalisation projects and ensure alignment across energy system initiatives, particularly in areas such as data sharing and infrastructure.

Conclusion

RECCo's Forward Work Plan sets a clear path to advancing service quality, consumer protection, and market efficiency. Through careful planning, RECCo aims to address current market needs while proactively adapting to future demands, ensuring a resilient, consumer-focused retail energy market.



Key Deliverables and Timeline



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About *RECCo*

The Retail Energy Code (REC) and the Retail Energy Code Company (RECCo) plays an important role in transforming our energy industry. We will do this by ensuring effective governance, protecting consumer interests, and supporting the UK government's Net-Zero targets while adapting to a rapidly changing market.



About RECCo

Building a Retail Energy Market fit for the *future*

REC services we are responsible for:

- REC Code Manager
- Central Registration Service
- Enquiry Services
- Energy Theft Tip-off Service
- Green Deal Database
- Prepayment Levelisation Scheme

For more information on RECCo's services please visit [our website](#).

Service Excellence

Providing a best-in-class governance model, adapting to meet evolving industry needs

Stakeholder Engagement

Earn and sustain stakeholder trust through openness, honesty and transparency



Data and Digitalisation

Championing a 'digital by design' ethos, leveraging technology to help innovation

Our People

A dedicated team of motivated experts, guided and supported by an experienced independent Board, to realise the REC mission.

Procurement and Financial Management

Delivering value for money and driving efficiencies



Our Mission & 5 C's

Our five C's represent the outcomes we aim to achieve. They help ensure our focus remains aligned with and true to our mission.



Our Aims

These aims are not wholly separate or exclusive, they will reinforce each other, and help drive our strategic priorities, our decision making and business planning processes.

Perform

We are a trusted expert provider and enabler of code management and services

Protect

We safeguard consumers' interests and data by providing secure Digital Services tailored for the retail energy market

Progress

We drive solutions and innovations to support an effective retail market for today and the future

RECCo at a Glance

Service Provider Performance

Our service providers delivered exceptional performance throughout the year.* They met c.97% of their Service Level Agreements (SLAs) through the majority of April 2024 until December 2024, with no service failures that resulted in the application of Service Credits.**

Our services have an industry-wide impact. In 2024/25:

- The REC Change Process reached 95 changes implemented
- The Enquiry Services processed 80.9m Online Portal and 392.3m API searches (April - November 24)

97% of Service Level Agreements were met

Key Deliverables

In our 2023/24 Forward Work Plan, we set out a list of outcomes that we wanted to achieve during 2024/25. You can read these in [full here](#). We are pleased to have achieved 90% of these outcomes across our four strategic priorities with two months remaining. We are on track to complete all deliverables by the end of our financial year - March 2025.

Key achievements include:

- The Gas Enquiry Services (GES) re-platform was successfully completed in late October
- Introducing a range of improvements to the REC Change Management Process via Change Request R0167.
- Developed and consulted on an Outline Business Case for a dedicated police unit to tackle energy theft.
- Building an API gateway to improve our enterprise architecture, due to launch in 2025.
- Launching the Detertech Portal as part of the Energy Theft Reduction Programme.

90% of outcomes have been achieved with 2 months remaining

Stakeholder Savings

This year, we expect to save stakeholders approximately £5m. This is through effective management of the change allowance, efficient procurement, deferral of non-urgent projects, billing non-REC parties for service use, recovering service credits, and aligning our recruitment with the business' maturity.

We have accelerated our rebate process to improve Party cash flow, reducing charges for the Market-Wide Half-Hourly Settlement programme by c£1.8m in October 2024 and reducing REC Charges by c£2.5m in January 2025. We will return any remaining underspend when the annual statutory audit is completed.

£5 million saved

RECCo Culture

Over the past 12 months, we are proud to have retained 98% of our workforce. 8 employees reached their two-year milestone, and 13 entered their third year at RECCo – a testament to our strong company culture.

Additionally, in a recent survey, 97% of our employees agreed that RECCo is a diverse and inclusive place to work. This reflects the importance we place on ensuring our employees feel supported, valued, and motivated to bring their best authentic selves to work every day.

97% agree that RECCo is diverse and inclusive

*The Switching service provider did not meet its SLA service levels and earned zero margin on the service.

**Service Credits serve as an incentive for our providers to meet the needs of users while ensuring value for money across the industry.

Perform

We are a trusted expert provider and enabler of code management and services.

*Service
Excellence*

*Systems &
Technology*

*Licence
Fulfilment*

*Our
People*



Service Excellence

Code Manager Services

Consumers

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Competition

Cost

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Continuous Improvement

We are committed to delivering service excellence through a customer-focused culture within our team and our service providers. We will continue to ensure our services are efficient, effective and meet the standards expected by our users.

Feedback from stakeholders through roadshows, surveys, advisory groups, and individual sessions, along with our performance review, will guide our improvement efforts. Our Service Delivery Managers, supported by the Commercial Team, work closely with primary service providers. To maintain strong oversight and deliver on enhancement plans, we are introducing a training and development scheme to meet expected outcomes and standards.

Code Manager Services

In the coming year, we will work with our service providers to address issues in Code Manager services, metering provisions, and stakeholder engagement while planning for future needs.

We will also focus on ensuring the Gas and Electricity Enquiry Services meet evolving requirements and user demands. Below, we outline our key priorities for each service area.

Change Management

Change Management ensures that modifications to the REC framework are efficiently evaluated, prioritised, and implemented to meet market and regulatory needs. By engaging stakeholders, assessing proposals, and overseeing development, the team maintains the REC’s relevance and adaptability. Their work supports innovation, operational efficiency, and alignment with industry goals, ensuring a dynamic and responsive retail energy market.

Last year, after working with our service provider to carry out an end-to-end review and identify issues, we implemented significant improvements to the change management process to bring greater effectiveness and efficiency.

This included:

- **Increasing** the Code Manager resource dedicated to REC Change from 3 FTE to 7 FTE, enabling greater efficiency;
- **Expanding** the pool of subject matter experts available to work on REC Changes; contributing to more effective change management;
- **Introducing** opportunities for stakeholders to feed into the change process with the introduction of the Change Issues Group;
- **Revising** the REC Change process by introducing an ‘issues’ process and streamlining REC Change documentation; and

- **Upskilling** our Operational Account Managers and the REC Service Desk teams to resolve more issues at the first point of contact.

More broadly, we also re-launched the Codes Roadmap to provide visibility of all activities across the Code Manager Services, and worked with our stakeholders to understand their engagement needs. We now provide monthly communications with key updates.

Planned Activities for the Coming Year

Nevertheless, we are committed to ensuring continuous improvements are made in our services and recognise there is more that can be done to enhance the process. Therefore, we have commenced a pilot initiative to evaluate the effectiveness of the REC Change Process. Over the coming year we will:

- 1. Identify Areas for Improvement**
Use the findings of the pilot initiative to identify and target areas for improvement;
- 2. Improve REC Change Reporting**
For greater visibility so that users can more readily obtain information;
- 3. Improve the User Experience**
Of the REC Portal and Digital Navigator; and
- 4. Continue to Work With our Stakeholders**
Understand and capture their needs, preferences and the outcomes they seek.

Service Excellence

Code Manager Services

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Performance Assurance

Performance Assurance ensures that REC Parties comply with their obligations, supporting a fair, efficient, and consumer-focused energy market. Using a risk-based approach, it identifies and addresses high-risk areas, deploying targeted interventions to prevent disruptions or harm.

In addition to monitoring and addressing compliance, Performance Assurance aims to drive continuous improvement in market operations by providing guidance and support to REC Parties. Continuous improvement is driven through audits, reporting, and feedback, with enforcement actions taken as needed to ensure accountability. Performance Assurance also supports innovation by facilitating the adoption of new technologies aligned with REC standards.

Achievements and Enhancements

Last year, several improvements were implemented based on stakeholder feedback. We:

- Clarified the Theft Detection Incentive Scheme (TDIS) and improved the submissions process.
- Streamlined the Performance Assurance Catalogue and introduced escalation processes for missing data.
- Delivered comprehensive training for Operational Account Managers and Service Desk staff to improve first-contact resolution.
- Initiated regular engagement, including check-ins, webinars, and consultations, to align with stakeholders' needs.

Planned Activities for the Coming Year

To build on these improvements, the following activities are planned:

1. Stakeholder Engagement

Consult on the Performance Assurance Operating Plan and leverage the REC Portal for increased engagement.

2. Market Entry and Assurance

Provide tailored training, support for Metering Equipment Managers, and maintain high service standards for new entrants.

3. Retail Risk Mitigation

Focus on Metering Schemes, Market-Wide Half-Hourly Settlement (MHHS) implementation, and refining the TDIS.

4. Continuous Improvement

Enhance the use of assurance techniques and provide data-driven insights to support industry-wide collaboration.

These measures aim to further strengthen REC Performance Assurance, ensuring alignment with its objectives and delivering enhanced outcomes for the energy market and consumers.



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Code Manager Services

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Technical Services - Data Management and Digital Platform

REC Technical Services underpin the effective operation of the retail energy market, providing platforms, tools, and frameworks essential for data exchange, compliance, and user support. These services facilitate seamless collaboration among market participants, enable accurate and efficient operations, and promote accessibility through continuous enhancements in digital tools and resources. REC Technical Services aim to deliver a user-centric digital experience while maintaining compliance and operational efficiency. Through proactive communication, intuitive tools, and stakeholder engagement, these efforts align with the REC's mission to foster an efficient and consumer-focused energy market.

Achievements and Enhancements

Over the past year, based on stakeholder feedback, we made significant improvements, including:

Digital Platform Improvements:

- Added a comprehensive navigation menu and a unified entry point for the REC Portal, Digital REC, and ERIN.
- Refreshed Data Items and Market Message pages for easier searchability.
- Removed redundant Scenario Pages and introduced change proposals to address errors in the REC Data Specification.

Enhanced AI and Search Functionality:

- Launched the Energy Resource Information Network (ERIN), an AI-driven tool, to simplify complex queries and enhance user interaction with REC Digital Services.

Planned Activities for the Coming Year

To build on these enhancements, REC Technical Services will focus on the following priorities:

1. User Experience Improvements:

Enhance the Digital REC and ERIN's capabilities to deliver more intuitive and efficient interactions.

Improve the Digital Navigator interface and content for seamless navigation across REC schedules.

2. Proactive Communication:

Develop a targeted notification system for updates to the REC Data Specification to ensure stakeholders remain informed in real-time.

3. Content and Release Management:

Review and refine content across the REC Portal to improve clarity and accessibility.

Align REC Schedules with the latest release management cycles for consistency.

4. Integration of Digital Services Provider:

Engage a Digital Services provider to design and implement tailored solutions, further modernising REC digital infrastructure.

Service Excellence

Code Manager Services

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Metering Services

RECCo plays a key role in managing Metering Services, ensuring compliance with the REC's standards and procedures, including the Consolidated Metering Code of Practice (CoMCoP). This work supports accurate metering data recording and communication, integrates new metering technologies, and aligns with the retail energy market's broader objectives. This includes protecting consumers through assuring safe meter installation. By managing these aspects, RECCo enhances the efficiency, transparency, and reliability of Metering Services to deliver positive consumer outcomes.

Planned Activities for the Coming Year

Last year, based on stakeholder feedback, RECCo conducted an end-to-end review of the CoMCoP and introduced a dedicated Metering Services Delivery Manager to improve services. Building on these efforts, RECCo plans to implement the identified CoMCoP improvements and will focus on the following initiatives in the coming year:

1. Evaluate Metering Audit Services:

Strengthen relationships with Service Providers to improve performance by understanding challenges.

2. Increase Reporting:

Enhance reporting on metering activities to identify opportunities for service improvement.

3. Review Audit Approaches:

Assess and improve audit methodologies.

4. Support REC Portal Enhancements:

Focus on improvements related to Metering Services.

5. Progress MHHS Implementation:

Continue support for Market-Wide Half-Hourly Settlement.

6. Contribute to Net Zero Initiatives:

Engage in projects like the Smart Secure Electricity System Programme consultation.

The current metering audit contract will end in April 2026. Over the coming year, we will commence work to review current arrangements and requirements and consider the need to introduce enhancements such as:

- Tailored audits that are entity-specific and more practically relevant.
- Increased confidence in compliance assurance, going beyond desktop reviews to ensure processes are effectively implemented.
- More detailed reporting with broader data points for nuanced improvement opportunities.
- Costs that better reflect the impact of accreditation on relevant parties.

We believe these actions will strengthen Metering Services and support the REC's mission to create a more efficient, economical, and consumer-focused energy market.



Service Excellence

Code Manager Evolution

Consumers Climate Competition Cost Change/Catalyst

Effective and efficient procurement is a cornerstone of our approach to service delivery. We believe that a disaggregation of the services that constitute REC code management allows for the procurement of ‘best-in-breed’ service providers, removing the need to compromise in any aspect and delivering a partnership that is greater than the sum of its parts.

Contracts for the current service providers are due to end in August 2026. As part of the code manager evolution project we have undertaken a review of the services to inform our future procurement strategy.

Digital Services

Planned Activities for the Coming Year

We sought feedback from stakeholders about the quality of the Code Manager service and identified pain points, root causes and underlying themes for improvement. We prioritised the issues to address and identified that the Digital Services need improvement.

Our vision is to provide and manage a modern, integrated and user-friendly digital environment that simplifies interaction and navigation, promotes engagement and drives efficiency for all users (see page 21 for further information). The REC Portal will be the channel for stakeholders to engage with the digital REC, manage their data and interact with the REC code manager and its processes. Over the coming year, we will:

1. **Create a stakeholder user group** to help guide and inform our work.
2. **Design, develop and test** our new digital solutions through 2025/26.
3. **Plan a soft launch** of the new arrangements, followed by a full go-live in 2026/27.
4. **Establish, embed and operate** new operational services, creating processes for continuous improvement and the development of new solutions to ensure that the needs of our stakeholders are continuously met rather than subject to periodic reviews.

Code Manager Service

Planned Activities for the Coming Year

In relation to our other code manager services, we have taken onboard stakeholder feedback and will avoid the upheaval of a “big bang” approach that would occur by reprocurring all of the code manager services at the same time. We will stagger our reprourement of these services.

Over the coming year we will:

1. **Undertake a complete review of service performance and effectiveness** to help inform our approach to the future service design and the changes that may be required.
2. **Seek to understand the impact and implications stemming from the current Code Review** and factor these into our thinking and planning, ensuring that we future-proof our arrangements.
3. **Set out our approach to any further extensions of the existing code manager contracts**, assess whether further procurement is required and plan and initiate the processes where appropriate.

Service Excellence

Our Vision for Digital Services

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Service Excellence

Enquiry Services

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Planned Activities for the Coming Year

We will continue to maximise the performance and management of systems that underpin retail energy industry processes and procedures to drive improvements in data and risk management and bring benefits for users and consumers.

The enquiry services are a core provision of the REC arrangements, enabling REC Parties and non-REC Parties to access essential data for switching and other uses. In the coming year, we will:

- 1. Enhance service performance and user experience** through improved data access, user engagement, and feedback-driven improvements.
- 2. Advance open data initiatives** by collaborating with service providers to produce reports aligned with open data principles and supporting Market-wide Half-Hourly Settlement.
- 3. Optimise service delivery by monitoring usage**, addressing increased demand, improving third-party access, and resolving discrepancies between electricity and gas enquiry services.
- 4. Strengthen security measures** to prevent, manage, and respond to evolving risks, ensuring effective incident management and minimising risks to REC and other authorised parties.

Activities for 2026/27 and Beyond

It is important to balance the benefits of periodic competitive procurement against the need for stability and certainty to encourage investment. We have issued a Request for Proposal (RFP) to our enquiry service providers with the option to extend the contract for two years and consider service delivery post-2027. The RFP includes a number of technical, contractual, change and service management improvements to drive improvements to the Enquiry Services for years to come.



Systems & Technology

Central Registration Service Governance

Consumers Climate Competition Cost Change/Catalyst

We acknowledge Ofgem’s decision to retain responsibility for the Centralised Registration Service (CRS) under the Data Communications Company (DCC). While the proposed transfer of the CRS to the RECCo will not proceed at this time, we remain committed to delivering the benefits we originally envisioned through collaboration with DCC and Ofgem.

Planned Activities for the Coming Year

We will build on our work to strengthen the governance and improve the quality of the switching services in accordance with the REC.

Commitment to Enhancing CRS Performance

In line with stakeholder feedback and Ofgem’s outlined priorities, RECCo will focus on addressing performance challenges and achieving measurable improvements in CRS governance, service quality, and operational efficiency. Key areas of focus include:

1. Governance and Operational Model Review

Conduct a review of current governance arrangements to identify necessary changes that strengthen the ability of RECCo and the REC Performance Assurance Board (PAB) to hold DCC accountable. Explore mechanisms to achieve the benefits of a transfer without necessitating structural changes to DCC’s licence or SEC security requirements.

2. Address Quality Improvements

Develop and implement an Address Quality Plan (AQP) to systematically enhance address data accuracy, reducing erroneous switches and improving consumer outcomes.

3. Stakeholder Engagement and Reporting

Refine reporting frameworks and knowledge repositories to ensure clarity and accessibility for stakeholders. Implement a robust Communications and Engagement Strategy to keep stakeholders informed and engaged throughout service improvement initiatives.

4. Technical and Process Enhancements

Collaborate with DCC to optimise technical processes, including incident management, security architecture, and service delivery models. Work to ensure alignment of technical and operational activities with REC standards.

5. Ongoing Collaboration with DCC

Strengthen collaborative working relationships with DCC to address current operational challenges and ensure continuous service improvements and efficiencies. Facilitate joint workshops and initiatives to streamline change management and enhance cross-code working.

Activities for 2026/27 and Beyond

In light of Ofgem’s decision and the upcoming re-procurement of the DCC licence, RECCo will undertake the following activities to safeguard the delivery of CRS services:

1. Proactive Stakeholder Engagement

Engage actively in Ofgem’s consultations regarding the future of the CRS and DCC governance to represent industry and consumer interests effectively. Continue initiatives like the Switching Advisory Forum to gather insights from industry stakeholders.

2. Strengthen Governance and Oversight

Assess and enhance current governance arrangements to ensure they are robust and capable of effectively overseeing CRS operations under the REC framework. Develop comprehensive performance metrics and monitoring systems.

3. Foster Collaborative Relationships

Continue to strengthen working relationships with DCC to align on service delivery expectations and strategic objectives. Coordinate with Ofgem to stay informed about regulatory changes.

4. Focus on Continuous Improvement

Pursue initiatives aimed at improving data quality, refining technical processes, and enhancing stakeholder engagement. Leverage insights from stakeholders to drive continuous improvements.

Licence Fulfilment

Code Reform and Code Manager Licence

Consumers Climate Competition Cost Change/Catalyst

Ofgem has confirmed that the REC and the Balancing and Settlement Code (BSC) will be in the first phase of codes transitioning to the new code manager licence arrangements. We anticipate that this will take place in Q1 of 2026.

Planned Activities for the Coming Year

To become the licenced code manager and ensure a smooth transition, we will work with Ofgem, DESNZ, and stakeholders to facilitate code governance reform and to ensure effective implementation. Over the coming year, we will focus on the following key areas:

1. Licensing

The Energy Act 2023 embodies the Government’s ambitions to transform the energy industry so that it may better facilitate the UK’s move to Net Zero and increase energy security. The Act includes new powers and responsibilities for Ofgem and a new licensing regime for code managers who will take on greater responsibilities for the governance of codes, including making code decisions and recommendations to Ofgem.

The first step will be the code managers’ selection process. We will engage fully with Ofgem and DESNZ in the selection process with a view to becoming the Licenced Code Manager for the REC.

2. Strategic Direction Statement

Ofgem’s Strategic Direction Statement (SDS), which sets out the code changes required to deliver its vision for the energy market, is the first of its kind. The SDS is expected to be published in the first quarter of 2025/26. Whilst the licence designation process will not yet have concluded, RECCo will be expected to ensure compliance with the SDS.

We will fully engage in this process and work with stakeholders to create a development plan outlining how we will meet SDS requirements.

3. Decision Making and Stakeholder Engagement

Following the implementation of code reform, code managers will be responsible for making decisions or recommendations to Ofgem. Stakeholder input will be essential to that decision-making process, and Ofgem has provided some initial decisions on the role of the Stakeholder Advisory Forum (SAF). The SAF will be comprised of code party representatives acting impartially and independent experts.

We will work with Ofgem to understand the proposed composition and remit of the SAF and seek views from stakeholders.

4. Performance Measures

Ofgem and DESNZ have concluded that all code managers will have non-financial performance incentives primarily associated with published performance measures. Ofgem has yet to determine whether it or the code manager will develop the initial set of performance measures.

In order to meet this requirement, we will work with Ofgem and stakeholders to develop our own set of stretching, outcome-based performance measures.

5. Wider Code Reform

The REC was implemented with an eye to the future and the direction of travel for future code management. Therefore, we believe that code reform changes are likely to be smaller for REC than for other codes, and we wholly support the decision for the REC to be included in the first phase.

We also see great value and efficiencies for users and consumers in creating consistency across the codes. There are a number of further consultations and decisions that Ofgem and DESNZ will issue in the coming months that will provide further detail and clarity on the new arrangements. These will be key to understanding what we need to do to fulfil our licence obligations.

We will seek to understand the requirements of wider code reform and their impacts on the REC and RECCo, establishing a programme to deliver the requirements necessary to become a licenced entity.

Perform

Our People - Central to Our Collective Success

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At RECCo, our people are the driving force behind our achievements. The quality of the REC services and our ability to deliver on our mission depends on our team's skills, dedication, and collaboration, whilst working closely with stakeholders.

By creating a culture where individuals can be themselves, support and learn from one another, and genuinely enjoy their work, we believe we will create the environment necessary to deliver on our commitments to the highest standards—aligned with the needs and priorities of our stakeholder community and end-consumers.

The feedback received through our 2024 employee engagement survey was overwhelmingly positive, with employees highlighting our open and supportive culture as one of the key reasons they enjoy working at RECCo. This feedback confirms that fostering strong, positive relationships between colleagues is central to our success—and it's something we are committed to building on in the years ahead, noting that we continue to operate as a remote-first organisation. As we look to 2025-26, our focus will remain

on ensuring our people feel empowered to perform at their best. By investing in a culture that prioritises well-being, professional growth, and collaboration, we will build the capacity and capability needed to continue delivering the high-quality expanded services we strive for and that stakeholders require in an ever-evolving retail energy market.

Valuing Our People

We are committed to building a team of experts who are passionate about our mission and delivering valuable change to our stakeholder community.

This culture, rooted in being consumer-centric and mission-driven, has attracted talented individuals from across the sector, and fostered an environment where people want to stay and grow – evidenced by our excellent retention rate.

As our responsibilities expand with the evolving nature of the retail energy market, we must continue to nurture, upskill and retain the excellent talent we have. In 2025-26, we will prioritise retention, ensuring that our people continue to be engaged, developed, and provided with opportunities to grow within RECCo.

Our Four Key People Priorities:

1. Capability and Capacity

As we prepare for the anticipated REC Code Manager licence, Consumer Consent and SSES programmes, we recognise that we need to be appropriately resourced to ensure successful delivery of these additional workstreams. Our analysis means that we will require an additional 24 roles if all of this new work is confirmed. We will undertake recruitment to meet the needs of the business, ensuring we recruit the right skill set and provide value for money.

2. Employee Development

We are committed to providing employees with opportunities for continuous learning and development. We will evolve our development programmes across the RECCo team to enhance skills, knowledge, and career prospects, ensuring our employees have the tools and understanding to thrive.

3. Cultivating Well-being

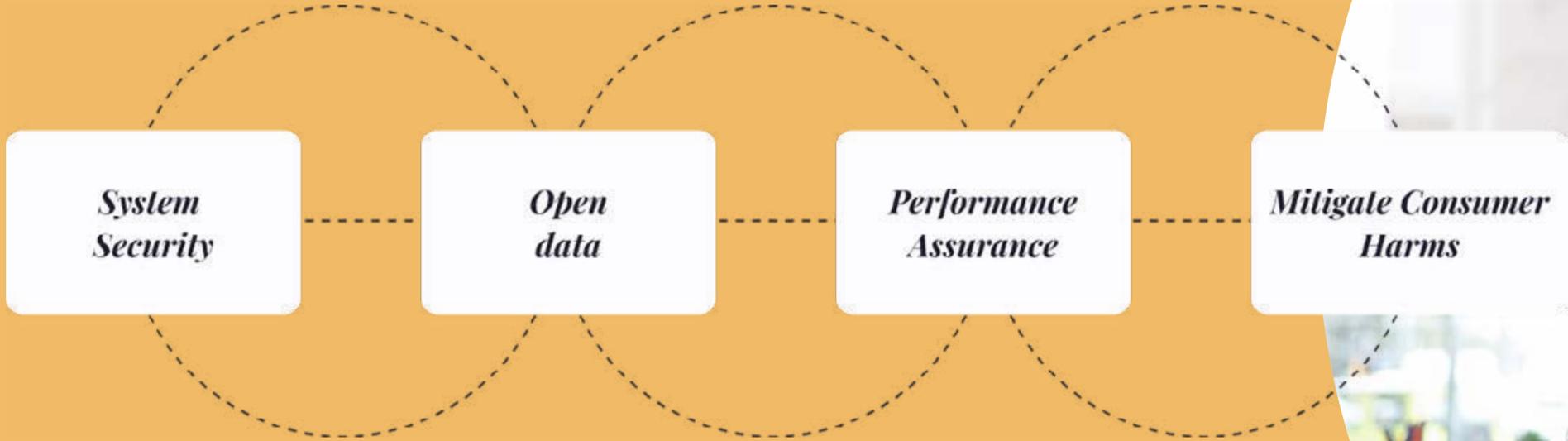
We will continue to introduce new initiatives that support mental, emotional, and physical health, driven by the results of our employee engagement surveys. Our goal is to foster a workplace that remains supportive and empowering—where every individual feels valued and can flourish, both personally and professionally.

4. Attracting and Retaining Talented People

Attracting and retaining our talent is key to our ongoing success. Our strategy includes being a remote working organisation, providing competitive compensation and development opportunities, and creating a work environment where people feel valued, respected, and empowered to overcome any challenges they face.

Protect

We safeguard consumers' interests and data by providing secure Digital Services tailored for the retail energy market.



Mitigate Consumer Harms

Energy Theft Reduction

Consumers

Climate

Competition

Cost

Change/Catalyst

Planned Activities for the Coming Year

Our Energy Theft Reduction Strategy continues to evolve, delivering innovative tools, insights, and services that empower REC Parties to effectively **prevent, detect, and respond** to energy theft. This initiative not only addresses a critical issue in the energy market but also reduces consumer harm and enhances market efficiency.

In 2022 we commissioned what we believe to be the first independent and industry-wide review of theft for around ten years. Adjusted to current retail prices, we found that the volume of energy theft in the UK is costing consumers **£457 - £760 million per year**.

We will continue to provide a whole system approach to theft reduction, focusing on prevention, detection, and improving the efficacy of industry's response and ability to disrupt further theft.

We will continue to focus on these four key objectives by pursuing work in the following areas:

1. Awareness

We will continue to build upon the success of the **Stay Energy Safe campaign** and our partnership with **Crimestoppers** to raise public awareness of the dangers of energy theft. Recent efforts have focused on highlighting the role of rogue landlords and countering misinformation, ensuring that vulnerable consumers are better informed and protected.

2. Incentives

We have collaborated with the Code Manager and REC Parties on REC Change Proposals to enhance incentives for investigating, detecting, and reporting theft. REC Change R0163, set to take effect on 1st April 2025, will, for the first time, reward investigative activity rather than just outcomes, providing suppliers with greater certainty of reward and encouraging broader participation.

We have also mandated that leads from the Crimestoppers tip-off service are followed up and reported appropriately, with a corresponding incentive payment. This has improved investigation success rates and feedback for enhancing theft-related activities.

Insights from the performance assurance dashboard will allow us to monitor and report on the impact of these changes throughout the year. Additionally, we are developing a claims process to remove disincentives for suppliers to undertake complex and costly investigations, to be consulted upon in early 2025/26.

3. Data and Insights

We are conducting a proof-of-concept to leveraging real-time data for theft detection, with results expected to be published in the Spring to inform a potential business case for scaling up the trial and initiating changes to industry governance. Such data insights could also help reduce network losses, a key focus of the ED3 price control starting April 2028. We plan to engage more with Distribution Network Parties to explore broader contributions to loss reduction.

Additionally, we are trialling a **Theft Data Portal** to enhance data sharing and collaborative insights. We will consult on its usage and consider extending the service based on findings.

4. Enforcement

In December we consulted on an Outline Business Case to establish and fund a dedicated police Energy Theft Unit. We are pleased with the level of support that this proposal attracted and will now continue to develop the proposal, and subject to acceptance of the necessary REC change proposal, to work with City of London Police to mobilise the unit and a supporting Referral Assessment Service in the second half of 2025/26.



Mitigate Consumer Harms

Third Party Intermediary Accreditation and Assurance

Consumers

Climate

Competition

Cost

Change/Catalyst

Planned Activities for the Coming Year

TPIs play an increasingly important role in the GB energy market, supporting customers' participation in what can sometimes be a complex market.

As the UK transitions to a smarter, more digital energy system, new, innovative, and potentially complex TPI models are emerging. However, some TPIs are not providing optimal services to consumers.

We introduced a Code of Practice ('CoP') that holds TPIs accountable to Best Practice Principles. This CoP was launched as a voluntary scheme in October 2023. We subsequently raised Change Proposal R0137 ([Introducing Third Party Intermediary \(energy broker\) assurance and accreditation - REC Portal](#)) to transition this to a mandatory scheme, requiring non-domestic suppliers to only work with accredited TPIs. In addition to the obligation placed on non-domestic suppliers, R0137 will also introduce a new REC service to undertake the accreditation of TPIs.

The solution will set out the minimum standards (proportionate and linked directly to evidenced areas of consumer harm) that TPIs will have to meet and demonstrate compliance with the TPI CoP. These requirements will be introduced through a new REC Schedule, which will incorporate the TPI CoP.

In September, the Department for Energy Security and Net Zero (DESNZ) published a consultation seeking views on the options for [regulating Third-Party Intermediaries in the retail energy market](#) to increase consumer protections, building on their 2021 call for evidence. We understand that the proposal to regulate TPIs raises questions about existing codes of practice, including our proposal to require non-domestic suppliers to work only with TPIs adhering to the TPI Code of Practice. To improve standards in the non-domestic market and build consumer confidence, we have reviewed the options and, given the uncertainty around new regulation, believe it is appropriate to proceed with R0137 and submit it to Ofgem for approval.



Secure Openness

Consumer Consent

Consumers Climate Competition Cost Change/Catalyst

Planned Activities for the Coming Year

In its consultation published last September, Ofgem proposed RECCo as the Governance and Delivery Body for Consumer Consent, meaning that we would be responsible for developing, implementing and maintaining the solution. The Consumer Consent project will be integral to ensuring that consumers benefit from the transition to Net Zero, by providing them with greater control over the way that their energy data is accessed and used.

Our Data & Digitalisation Strategy enables us to support the delivery of wider energy market initiatives, such as the transition to Net Zero, while ensuring that consumers remain at the heart of the process. As part of the Strategy, we said that we would support progress towards the establishment of a consumer consent mechanism for energy data, recognising the benefits that this would bring in encouraging innovation and enhancing consumer engagement.

Ofgem’s consultation set out a high-level timeframe for delivery, which was aimed at the launch of the Minimum Viable Product (MVP) in 2026. This will make smart meter consumption data available through the solution. RECCo, if mandated by Ofgem, as the Delivery Body will then be expected to expand the scope of the solution so that it is soon able to incorporate other types of data that are also accessible through consent, such as time of use tariff data, energy smart appliance data, and credit data.

Consumer Consent is one of a number of digitalisation initiatives being progressed in the sector; others include the Smart Secure Energy System, Flexibility Market Asset Registration and Data Sharing Infrastructure programmes. We have already engaged with organisations, such as NESO and Elexon, who are likely to have roles in the delivery of these programmes and will continue to do so over the next year. This will help to ensure that the programmes are aligned and that learnings are shared.

Data protection and information security are fundamental to consumer consent. RECCo is committed to strengthening its capabilities and expanding its capacity in these areas to align with its new responsibilities.

We will develop a solution that works for all types of users, including those unable to make use of digital platforms. An important element of the Consumer Consent project – as we set out in our response to Ofgem’s consultation last year – is that it will not be exclusively led by industry and will from the outset involve significant engagement with consumers. We have set out below the specific activities that this will involve during the design phase.

Also key to our approach will be to utilise REC governance processes so that the solution is developed transparently, with opportunities for frequent engagement and input by stakeholders.

The year 1 delivery for the Consumer Consent System focuses on establishing a foundational framework to enable energy consumers to share their data securely with trusted third parties. During this initial phase, several key activities are planned:

1. Scoping and Design

We will utilise the REC Change Process to define the scope of the project and lay out the design for the system, emphasising principles such as simplicity, transparency, and security. Ensuring we have an engagement strategy to gather input and to give industry and stakeholders more widely the opportunity to engage with these proposals and to influence the design.

2. Start Minimum Viable Product (MVP) - development & user testing

The MVP will be developed over six months in an iterative way, ensuring the basic features, such as granting and managing consent, are functional. This will include integration with data sources, and compliance with GDPR regulations. The system will undergo testing with a focus group of users to gather feedback and energy retailers to enable data exchanges. This phase will focus on refining the user interface and improving system security based on feedback.

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Consumer Consent

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Activities for 2026/27 and Beyond

The year 2 delivery for Consumer Consent will focus on the delivery of the MVP scope and refinement based on user feedback.

01

Launch of MVP

The MVP will be rolled out, allowing consumers to start managing their energy data consents through a user-friendly interface.

02

MVP Optimisation

Based on Year 1 and Year 2 feedback, refine the MVP with improved performance, security, and expanded data sources like electric vehicles and renewable energy.

03

Ongoing Evolution

The system will evolve with continuous user feedback, enhancing the MVP for better engagement and wider adoption.

Progress

We drive solutions and facilitate innovations that ensure an effective retail market for today and the future

*Facilitate
Innovation*

*Risk
Management*

*Programme
Delivery*

*Horizon
Scanning*



Programme Delivery

Market-Wide Half-Hourly Settlement

Consumers

Climate

Competition

Cost

Change/Catalyst

Working closely with the MHHS programme and Elexon, we continue our work to prepare the retail market arrangements for the transition to, and the subsequent complementary operation with, the new electricity settlement arrangements.

Market-wide half-hourly settlement (MHHS) is a major contributor to the transition of a smarter, more flexible energy system. The benefits are widely recognised to include not only more accurate and timely settlement but the basis for which new incentives, such as time-of-use tariffs and flexibility services, can be built. Our work will deliver the required changes to the REC, its services, including testing and readiness for go live.

Planned Activities for the Coming Year

Whilst the Programme delivered key milestones, it recognised that Systems Integration Testing (SIT) did not align with the expectations of the test execution model. Consequently, the SIT activities required replan resulting in an additional 6.5 months on the original timetable to complete and will in turn have a direct impact the REC deliverables.

RECCo will be continuing to focus on four core workstreams and ensure that the impacts of the SIT replanning are assessed and our deliverables align with the Programme:

1. Testing

The Testing requirements and cycles will continue to form a significant part of the work required to deliver MHHS. We will ensure REC Services successfully participate in the replanned SIT to ensure readiness for MHHS Go-Live.

2. Qualification

Obligations under the REC and the BSC require REC Parties to become 'MHHS Qualified' to assure they have made and tested the necessary changes for each required Market Role. We will continue plan and deliver the qualification requirements for each market role to ensure qualification of REC Parties for MHHS.

3. Implementation

We will focus our resource on the implementation of changes to the REC for MHHS.

4. Operational Readiness

We will ensure that we, our Code Manager Services and other REC Service Providers are prepared to operate under MHHS. In addition, we will be planning for post-MHHS migration changes to the REC.

Activities for 2026/27 and Beyond

We will ensure the implementation of post-MHHS changes to the REC. Beyond these core deliveries, will have an eye to future requirements of the programme and will consider what, if any, developments may be required.



Facilitate Innovation

Smart Secure Electricity Systems

[Consumers](#)[Climate](#)[Competition](#)[Cost](#)[Change/Catalyst](#)

We will begin the development of the governance required for tariff data interoperability under the Smart Secure Electricity Systems Programme.

The SSES programme, launched by DESNZ, is designed to create the technical and regulatory frameworks to enable untapped flexibility from small-scale devices, such as domestic electric vehicle charge points and heat pumps. As part of this programme, energy suppliers will be required to adhere to a tariff data standard so that energy smart appliances (ESA) can easily receive and respond to tariff information from different energy suppliers.

This standard will be designed with the end consumer in mind, to deliver B2B services for the industry that will have positive outcomes for consumers. The governance will be delivered in a phased way: an initial standard specification for simpler data items based on a Minimum Viable Product (MVP), targeted for delivery in 2026, and then the subsequent development of this MVP to facilitate more complex use cases. If designated by DESNZ via its powers under the Energy Act, the REC will assume responsibility for hosting the enduring governance of the Tariff Data Interoperability standard. It will therefore be through REC governance processes that the MVP evolves to cover more complex tariffs.

Planned Activities for the Coming Year

The year 1 delivery plan for tariff interoperability within the SSES Programme will focus on these key areas:

1. Initial Technical Framework

Form industry working groups through the REC Change Process to develop an MVP for the tariff data standard, enabling tariff

information to be communicated to ESAs via a supplier-wide API in a machine-readable, interoperable format.

2. Stakeholder Engagement

Collaborate with energy suppliers, ESA manufacturers, and service providers to finalize the MVP, ensuring seamless communication between ESAs and various suppliers' tariffs, promoting flexibility and optimisation.

3. Pilot and Testing

Conduct trials with energy suppliers and third-party providers to test the MVP API, identifying technical challenges and ensuring compatibility with smart appliances.

4. Performance Assurance

Establish performance monitoring to ensure standards are met and that data interoperability functions as intended, safeguarding system reliability and consumer protection.

5. REC Schedule Development

Collaborate with DESNZ to begin drafting the governance and compliance frameworks that will ensure ongoing oversight of tariff data interoperability and alignment with REC standards.

6. Collaboration with Consumer Consent

Establish data security and consumer protection, working collaboratively with the Consumer Consent workstream to ensure that sensitive tariff data is handled securely, safeguarding consumer interests.

This plan supports flexibility, decarbonisation, and cost savings across the energy sector.

Activities for 2026/27 and Beyond

During year one, RECCo will continue to engage with DESNZ to develop the enduring governance for Demand Side Response Service Provide (DSRSP) and Load Controller licences. Where appropriate and applicable this may lead to changes to the REC and existing services, in years two and three, to enable licence obligations to be discharged.

No budget estimations have been made as RECCo is not the minded to body for these activities currently. Should DESNZ mandate RECCo to deliver any of these services, then contingency will be utilised. However, any funding more than contingency would need to be delivered through cost reductions, change investment, project reductions or potentially reopening of the budget.



Risk Management - Discovery Phase

Orderly Transition

[Consumers](#) [Climate](#) [Competition](#) [Cost](#) [Change/Catalyst](#)

While the energy industry strives to achieve full smart meter rollout, many consumers still rely on legacy metering systems due to personal choice, technical issues, or practical limitations. With the discontinuation of certain meter types, the availability of recycled units, spare parts, and other equipment is becoming scarce, leading to higher service costs. In the short term, policies such as the default tariff cap may shield suppliers and consumers from rising metering costs. However, legacy metering services may soon become economically unviable.

Issues such as the limited availability of Generic Ironbridge Service Tool (GIST) cards—essential for servicing pre-payment meters—have highlighted these challenges. Although interventions like the Meter Provider of Last Resort (MPOLR) can temporarily extend certain services, they are time-limited. Without careful planning and management, we are concerned that consumers dependent on legacy systems may be detrimentally impacted.

To address this, we propose collaborating with REC Parties and stakeholders to conduct scenario planning and assess the potential need for legacy metering support, including equipment, infrastructure, and trained staff. Such efforts aim to safeguard consumers reliant on legacy systems and ensure a smooth transition to smart meters for the entire population.

Vulnerable Consumers

Insights for Consumer Support

[Consumers](#) [Climate](#) [Competition](#) [Cost](#) [Change/Catalyst](#)

Over the past year we have explored ways in which the Priority Service Register could be improved. That work is now being led by Ofgem with government oversight, as development of the Share Once Support Register (SOSR). The new register is expected to improve the registration process for support services across multiple utilities and better address the needs of vulnerable consumers.

This work may provide a catalyst to improve the support available to households reliant on medical equipment. In 2023, we highlighted inconsistencies in NHS electricity cost rebate schemes for users of oxygen concentrators and dialysis machines, suggesting reforms such as an independent, bill-administered support mechanism. Establishing an effective cost support system would also address policy concerns around retail market reforms affecting medical equipment users.

In the coming year, we plan to engage with disability charities, healthcare agencies, and the energy industry to refine our proposals and explore how data initiatives, including the consumer consent mechanism could align with the SOSR to enhance support for medical equipment users.



Risk Management

Consumers Climate Competition Cost Change/Catalyst

Reconciliation Operation

RECCo has experience of undertaking the reconciliation of supplier costs in three discrete areas: the Market Stabilisation Charge (MSC); Pre-Payment Levelisation (PML); and the Theft Detection Incentive Scheme (TDIS). We propose to explore how we could build upon these capabilities and seek to use them to further improve market and/or consumer outcomes.

The progress of these initiatives will be dependent on government policy and RECCo will not commence work to develop any solutions at this stage. Where we believe there is merit in progressing this workstream, it would be detailed as part of the Forward Work Plan 2026/29.

Warm Homes Discount

The Warm Homes Discount (WHD) was established in 2011 and the discount is usually applied automatically by suppliers to the electricity bills of eligible customers. Customers who are eligible for these Core Group Rebates are not necessarily distributed evenly in proportion to suppliers' market shares as, for example, the socio-economic composition of each supplier's customer base will vary. In order to balance fairly the cost of delivery across all participating suppliers, a reconciliation mechanism is in place. Since Scheme Year 7 (2017/18) this has been operated by Ofgem.

We do not intend to proactively seek change to the WHD arrangement, but if the government again consults on options as to how the scheme could be administered and by whom, we believe this is an option that RECCo should explore. There may be cost efficiencies and synergies in combining more than one reconciliation scheme, for instance within the invoicing and credit control and in data sharing. This could for instance, better facilitate ensuring that energy consumers are receiving all the support to which they are entitled.

Energy Efficiency

Consumers Climate Competition Cost Change/Catalyst

Supporting the National Warm Homes Plan

The Government's Warm Homes Plan targets energy efficiency upgrades for five million homes in England and Wales. A key focus is on improving private rented sector properties, requiring them to meet a minimum Energy Performance Certificate (EPC) rating of C by 2030.

At present, three data sets are of particular importance to organisations delivering energy efficiency schemes:

- Unique Property Reference Number (UPRN) – identifiers for every address in GB.
- EPCs – the most used and most comparable source of estimated energy efficiency in GB;
- Residential housing condition surveys – the standard benchmarks for energy efficiency as they give the highest granularity of cross-verified information;

Industry, public bodies, and academics stress the need to bridge data silos for more meaningful insights. Linking data in Enquiry Services, which includes the UPRN, with EPC data could significantly aid in delivering such programmes. We therefore propose to explore and understand, what, if any action RECCo can undertake to support the key elements of the Government's Warm Homes Plan, for example, proactively engaging with potential users to develop use cases in line with our Open Data Strategy. We will report our progress and identified options over the coming year. Where we believe there is merit in progressing this workstreams, it would be detailed as part of the Forward Work Plan 2026/29.

Horizon Scanning – Watching Brief

Flexibility

[Consumers](#)[Climate](#)[Competition](#)[Cost](#)[Change/Catalyst](#)

New Market Participants

As the energy landscape changes, so too will the actors who interact with consumers. Achieving Net Zero requires engaging and empowering consumers to adopt low-carbon technologies like solar panels and electric vehicles and to become more flexible in their energy use. Consumers will have more sophisticated relationships with energy suppliers and potential new market entrants, with a move to energy as a service, but may not want to take on the task of managing those arrangements.

Time-of-use tariffs, expanded use of smart meter data, smart appliances, and Market-wide Half Hourly Settlement will drive innovation and enhance services for consumers. These developments will enable a growing range of initiatives and incentives, encouraging consumers to interact not just with energy suppliers but also with manufacturers, installers, and managers of smart appliances. This ecosystem will support more tailored and efficient energy management solutions.

We see the potential for new market entrants in the domestic energy market who will bridge the gap between suppliers of technologies and energy and the consumer. Whilst some of these may be governed or regulated roles, via technical or qualification requirements, others will remain outside any formal regulation.

We will monitor developments and seek to understand how the REC can, where appropriate, evolve to provide appropriate standards to protect consumer interests around the activities and processes associated with those new products and services and work effectively with those who provide them. Where we believe there is merit in progressing this workstreams, it would be detailed as part of future Forward Work Plans.



Horizon Scanning – Longer-term

Energy Systems

[Consumers](#)[Climate](#)[Competition](#)[Cost](#)[Change/Catalyst](#)

We are monitoring several regulatory and policy issues that may impact the REC or retail arrangements, dedicating limited resources until further clarity emerges. These include:

- Heat Networks
- Electric Vehicle Charging
- Electrification



Heat Networks

We will engage with DESNZ and Ofgem's consultations on consumer protection for heat network customers if implications for the REC arise.



Electric Vehicle Charging

EV charging developments may affect energy theft, particularly with remote points of abstraction, and will remain an area of interest.



Electrification

Policy changes rebalancing costs between electricity and gas could have significant distributional impacts and affect low-carbon technology adoption incentives.



Financial *Projections*

Draft 2025-26 Budget and indicative projections for the 2026-28 period.



Foreword to RECCo Draft 2025-26 Budget



Brian O'Shea
Chief of Finance and Commercial

Financial Overview

We are providing a draft 2025-26 Budget for industry input in advance of the consultation on the final Budget in February 2025. The 3-year projection provides the financial context by which we will deliver our strategic aims and fulfil all the activities in the Forward Work Plan.

As well as RECCo's role in delivering governance of the REC and its operational services, decisions made by both Ofgem and DESNZ, e.g. minded to select the REC as the mechanism to implement Consumer Consent and the SSES: Tariff Interoperability market scheme will change the scope of the REC and the services delivered. Alongside these, RECCo will deliver several procurement programmes to address the natural end-of-life of existing REC Service contracts. RECCo will also deliver a new initiative to support industry in investigating and prosecuting energy theft, thereby reducing both economic harm and injury to consumers.

In recognition of this, to provide a full scope of our likely future costs, we have included allowances for investment projects contingent on the matters above crystallising. The contingent value of these is 2025-26 is c£9m. Should these projects not crystallise, then the costs will not be fully incurred, and we will adjust our charges downwards intra-year accordingly.

Each of these will require investment, and we have separately identified the long-term cost of each in the projections.

REC Services and Value for Money

As a provider of central market services, we have an obligation to consistently deliver value. While we are a non-profit making organisation, our service providers are commercial entities, and we use commercial principles and tools to manage them. When procuring

new services, we use a principles-based intelligent sourcing approach to identify who is best placed to deliver value. Nonetheless, RECCo will continue to be predominantly a "procure and manage" organisation, in line with the principle set out in the REC. We utilise a variety of commercial levers to secure value, including competitive procurement, no evergreen contracts, Key Performance Indicators linked to service credits, and obligations for continual service improvement and efficiency.

RECCo Operations

To achieve its objectives, RECCo must be a right-sized, expert organisation consisting of employees with a deep understanding and knowledge of REC Services. This enables internal knowledge development, retention and reduces our reliance on bought-in services from contractors and consultants. Our resource capacity for 2025-26 is expected to grow, and remain largely stable over the planning period as investment projects translate into live REC Services.

Foreword to RECCo Draft 2025-26 Budget

RECCo Projects

In fulfilling our mission to improve the retail energy market, including its systems and processes, we implement projects mandated by our stakeholders or improve our performance in delivering services to the REC. There is a significant increase in projects for 2025-26 and this is partially offset by reductions in our Change Investment and Contingency allowances. In addition, C80% of the proposed Budget project spend is considered contingent.

Change Investment

This is needed to fund functional changes to REC Services due to REC CPs and stakeholder or RECCo-driven change. For 2025-26, we have reduced our Change Investment compared to the prior year.

Contingency

RECCo does not include any project or other activity-specific contingencies in its financial forecast. Instead, we identify the contingency at a company level to allow for complete transparency. For 2025-26, our contingency is c2% (historically 4%).

2024-25 Forecast Outturn

Our 2024-25 Budget was c£53m, including a £4m Change Investment and £2m Contingency. Our latest forecast shows an expected full-year spend of c£48m, leading to an underspend of c£5m. Recognising our commitment to ease funding burdens on REC Parties, we will have returned c£4.3m of this underspend through an in-year reduction in charges.

Disclosing Commercial Information

Our current contracts don't allow us to disclose confidential information beyond the level disclosed herein. However, the Code Manager Licence will require greater levels of disclosure, and all our future contracts should allow greater disclosure. Should REC Parties require us to share redacted information, we will act on that request and engage with our service providers accordingly. However, the sharing of any information would be subject to their agreement.



Draft 2025-26 Budget: Financial Overview

We recognise the ongoing challenges facing REC funding parties and look to minimise the financial impact on them to the extent that doing so would not compromise our ability to deliver the REC Objectives or meet our financial liabilities and contractual obligations. We utilise a bottom-up budget approach, and have published the Business Cases for all the material Investment Projects to provide transparency.

2025-26 Budget

Our draft 2025-26 Budget is £54.9million. This is the total cost to deliver the REC, the REC Services, investment projects and a fit-for-purpose organisation. This is a 3.5% increase to the 2024-25 Budget. **Table 1** provides a breakdown of the budget.

The budget increase is primarily driven by new potentially mandated projects, e.g. Consumer Consent and SSES, and projects required to address end-of-life contracts, e.g. Digital Services. There is also an increase associated with augmenting the capacity and capability of the RECCo team to ensure we can deliver a diverse portfolio of REC Services to meet the needs of an evolving energy market.

To offset the impact of these new programmes, we have reduced both our Change Investment and Contingency allowances. As part of the 2024 Ofgem assessment of the feasibility of transferring CRS responsibility to RECCo, we provided Ofgem with an estimation of the delivery cost of that service and estimated it to be c£12m per annum. We are pleased that DCC has replicated this within their future service projections. This has led to a c£3m annual reduction in CSS delivery costs.

The project costs of c£12m include costs for Consumer Consent (£2.54m) and SSES Tariff Interoperability (£0.55m), contingent on RECCo being selected as the delivery body by Ofgem and DESNZ, respectively. Should RECCo not be selected and the costs not be incurred, we will adjust our costs in-year. Similarly, our Digital Services project costs (£3.3m) are contingent on the success of our procurement programme.

Suppliers will fund c£52.5m (£0.893 charge per Registered Measurement Point 'RMP' per annum), with the remaining c£2.5m being recovered through MHHS and electricity Distribution Network Operator-specific charges.

Table 2 splits the 2025-26 Budget into Service delivery, evolution and management, transformation delivery and company costs. Our company costs include board costs, operating costs and people costs for Corporate Services, Finance and Commercial and Strategy and Development.

Table 1 Draft 2025-26 Budget and Longer-Term Projections

	2024-25 Budget £'000	2025-26 Budget £'000	2026-27 Indicative £'000	2027-28 Indicative £'000
REC Services	34,185	31,649	36,849	40,576
RECCo Operations	6,102	7,091	7,933	8,931
Projects	6,760	11,934	8,937	3,681
Change Investment	4,000	3,000	3,000	3,000
Contingency	2,000	1,250	1,250	1,250
Total	53,047	54,924	57,969	57,438

Table 2 Draft 2025-26 Budget Analysis

	2025-26 Budget £'000	Service, delivery, Evolution and Management	Transformation Delivery	Company Costs
REC Services	31,649	31,649	-	-
RECCo Operations				
Board & Staff Costs	5,990	2,094	1,056	2,840
Operating Costs	1,101	-	-	1,101
Projects	11,934	-	11,934	-
Change Investment	3,000	3,000	-	-
Contingency	1,250	1,250	-	-
Total	54,924	37,993	12,990	3,941

Financial Overview

REC Services

The budget for REC Services is £31.6m and covers services which the REC requires RECCo to **Perform**. These services include the Central Switching Service, Gas and Electricity Enquiry Services for registration data, services supporting the industry in tackling energy theft, metering assurance and the Code Manager service. To deliver value to the industry, we have reduced the overall delivery cost by 6%. The main driver for this is the significant reduction in the delivery cost for the Central Registration Service following our scrutiny in 2024.

Neither RECCo nor its service providers are immune to the current cost-of-living crisis and the impact of high inflation levels. Historically, RECCo has been partly shielded from this due to fixed price contracts, which are not subject to indexation for their initial terms. As we move beyond these fixed price periods, costs are now increasing in most core services, offset by a reset in the value of the CRS provided by DCC.

RECCo Operations

The budget for RECCo Operations is c£7.1m, an increase of 24.6% on the prior year. This budget reflects the cost of the independent RECCo Board, RECCo employees and our company operating costs. Our Board and operating costs remain comparable with 2024-25. Our people costs have increased compared to prior years, driven by our requirement to strengthen each function as determined by the Board. This is required to introduce resilience and contingency into teams across the business and enhance risk management, programme management and commercial capability so we can fulfil our impending requirement as REC Licencee and provide Ofgem with a Certificate of Adequacy. An element of headcount is contingent on RECCo being selected as the delivery body for Consumer Consent and SSES, and the associated headcount will only be recruited if Ofgem or DESNZ selects us as the delivery body.

To ensure full transparency, we have shown these roles within the headcount, but the associated staffing costs are included in the project cost to provide a true value for each project.

Investment Projects

We have set aside £11.9m for investment projects, which comprise of existing and potentially new managed industry programmes and projects. In each case, we have included the estimated implementation costs and the pure programme management cost in the investment allowance.

Change Investment

Our Change Investment Budget for 2025-26 is £3m, a 25% reduction on the 2024 Budget. Change Investment includes funding to develop and deliver functional changes to the REC Services. It is not used to fund Investment Projects or RECCo operational or headcount requirements. This Investment allowance is comparable to the expected spending for 2024-25. In 2025-26, we expect change spend on existing services such as the Code Manager and Enquiry Services to reduce because of our procurement and investment programmes. We expect the cost of change for CRS to increase to reflect the improvements we have identified to Ofgem as necessary to secure value from that service.

Contingency Allowance

Contingency allowance is £1.25m, and this is a c37% reduction on the 2024-25 Budget. This reduction reflects the recognition of future regulatory initiatives such as Consumer Consent and SSES and a stabilising market. The Contingency Allowance does not account for any broader role that RECCo could be asked to play by DESNZ in delivering SSES governance and services other than that included in Investment Projects.

2024-25 Forecast Outturn

Our 2024-25 Budget was c£53m, and our expected outturn is £48m. In 2024, we committed to reducing charges in-year where the expected outturn showed a material variance to the Budget.

In October 2024, we reduced our MHHS-specific charges, returning c£1.8m to the industry, and in January 2025, we will return a further c£2.5m through a reduction in our REC Charges. We will return the remaining underspend on completion of our statutory audit.

Working with DCC, we have identified an expected c£3m underspend on the CRS for the 2024-25 year. We are working with the Code Manager and DCC to establish a mechanism whereby that underspend can be returned

intra-year to RECCo rather than through a rebate to charges in FY 2026-27. This mechanism is still under evaluation at the date of this draft Budget.

Table 3 shows the variances between budget and forecast outturn in each area. The drivers for these include deferred costs due to the re-plan of the MHHS project, a reduced spend on Change Investment reflecting RECCo’s prioritisation of change due to procurement programmes, efficiency initiatives implemented by RECCo (e.g. rephasing of recruitment, prioritisation of project resources), reduced reliance on SME and contractor costs and delivering a credit control regime that minimised bad debt. These, in turn, meant that we did not need to utilise the full contingency.

Table 3 2024-25 Budget .v. Forecast Outturn

	2024-25 Budget £'000	2024-25 Forecast Outturn £'000
REC Services	34,185	33,705
RECCo Operations	6,102	5,689
Projects	6,760	4,898
Change Investment	4,000	3,460
Contingency	2,000	632
Total	53,047	48,384



REC Services

We provide a suite of central market services defined in the REC. We ensure consistent standards across the retail energy industry by establishing, reviewing and updating common protocols, data formats, and procedures. We make it easier for REC stakeholders to interact more efficiently and keep costs down, by reducing the need for multiple marketplace systems and interfaces.

We make it easier for REC stakeholders to interact more efficiently and reduce costs by reducing the need for multiple marketplace systems and interfaces. We enable access to up-to-date information to a broad range of stakeholders. The REC Services enables better decision-making, fosters competition, protects consumers' interests and data within the REC, and supports innovation.

We will partner with service providers to ensure that RECCo can keep up with the pace of innovation, technology development and associated investment in certain specialist areas. These costs reflect the committed costs at the start of the Budget. The cost of any functional changes will be funded from the Change Investment allowance. None of these allowances include

contingency. Indexation is reflected in the Code Manager, Enquiry Services and Energy Theft Tip-Off Service allowances.

Central Switching Service ('CSS')

Working in partnership with the DCC, we have established in-year financial performance review processes and a transparent approach to budget setting. Since going live in July 2022 and through our due diligence of costs as part of the 2024 Ofgem review of delivery options for CRS, we have developed a greater understanding of the resources required to deliver the CSS. This has enabled us to reduce the service's operating costs by c£3m.

Code Manager

The costs for 2025-26 have increased by 5% in comparison to the previous budget, reflecting the enduring impact of functional changes and annual indexation. Over the projected period, we expect to restructure our Code Manager service by implementing a Digital Services enabler platform and restructuring the non-digital service components. We have published the Digital Services Business Case here. The business case for the non-digital service components will be developed and published in 2025.

Table 4 REC Services

	2024-25 Budget £'000	2025-26 Budget £'000	2026-27 Indicative £'000	2027-28 Indicative £'000
Central Switching Services	16,500	12,800	14,050	13,850
Code Manager	10,663	11,164	12,597	13,723
Enquiry Services	4,772	5,568	6,250	6,438
Theft Services	1,469	1,248	3,189	3,315
Consumer Consent	-	-	-	2,000
SSES: Tariff Interoperability	-	-	-	500
REC Support Costs	505	563	498	500
Other Services	176	306	265	250
Total	34,185	31,649	36,849	40,576

REC Services

Enquiry Services

This Budget covers the Electricity Enquiry Service (EES), the Gas Enquiry Service (GES), the Green Deal Central Charging (GDCC) database and the Secure Data Exchange Service (SDES). The projections in this draft Budget assume an extension based on current contract rates. Any assumed investment in modernising the services is within the Enquiry Services Evolution project budget. This is to maintain competitive tension. We will update the values in the final Budget published for consultation in February when our review of their bids is completed.

The budget increase compared to 2024-25 reflects the enduring cost of significantly increased API usage on the electricity enquiry service. Currently, API enquiries are c180% of the expected volumes included within the base service price. We are in discussions with the service provider to improve these costs.

Theft Services

These services support the industry in discharging its obligations to tackle energy theft and **Protect** consumers from injury and economic harm. The uplift in costs in year 2 reflects the full-year operational cost of the Energy Theft Investigation Service. The 2025-

26 part-year cost of this service is shown in projects.

REC Support Costs

This includes allowances for the legal review of REC Change Proposals, the cost of funding independent members of both the Change Panel and Performance Assurance Board, and an allowance for SME resources to support REC Changes. The REC requires us to fund these costs.

Other Services

This reflects the cost of several sundry data reporting services, which are required to support the Performance Assurance Framework, as well as an allowance to fund the centralised administration costs of the metering code of practice auditor.



RECCo Operations

This section of the Budget outlines the necessary capacity, capability, and operating costs needed for the effective and efficient management of REC services and governance. Our goals include protecting the industry, stakeholders, and consumers by managing and mitigating the risks associated with our outsourced business model. Additionally, we aim to implement successful changes that will support the operation of a retail energy market, ultimately benefiting both the industry and consumers. The Budget also ensures that we can perform all our legal, Companies Act, REC, and Code Manager Licence compliance duties in the future.

Organisational Design

RECCo will remain a predominantly “procure and manage” organisation. The company is led by an Independent Non-Executive Board, supported by a CEO and Executive team with a recognisable organisational delivery structure, as shown in **Figure 1**. Contractors and Subject Matter Experts are contracted on an ad-hoc basis to support specific projects. This hybrid approach ensures that the baseload **Perform** obligation can be achieved with specialist skills and knowledge deployed to meet demand.

RECCo Board

In line with good corporate governance and one of the key principles of the forthcoming Code Manager Licence, RECCo has a fully independent and remunerated Non-Executive Board, including an

Independent Chair. The Board possess the skills and experience, including consumer interest experience, to support the organisation’s operation. NED recruitment is carried out through market recruitment and overseen by the Nominations Committee. Directors are re-appointed through the REC Party voting arrangements set out in the REC. Board costs are not materially different to the prior year.

RECCo People

Our Forward Work Plan outlines our strategic priorities and objectives for the coming three years. RECCo must be the right-sized organisation with the skills and capability to ensure we deliver and continually enhance value for REC stakeholders and consumers. The cost increase in this area will enable the RECCo Board, as the REC Licencee, to provide Ofgem with a Certificate of Adequacy to fulfil its obligations. Following a review of our existing operations and projects, people investment is required to improve resilience, capacity and capability.

Examples of where we are bolstering teams include: the operations team with individuals who have deep industry knowledge and service management experience, increasing our in-house technology and programme teams, recruiting commercial expertise, and bolstering our corporate affairs team. The staff costs shown in **Table 5** for each year exclude staff costs for the contingent projects identified later. When the resulting service goes live the costs are shown within Staff Costs and this applies to years 2 and 3.

Figure 1 2025-26 RECCo Organisation Structure and Headcount



Table 5 RECCo Operational Costs

	2024-25 Budget £'000	2025-26 Budget £'000	2026-27 Indicative £'000	2027-28 Indicative £'000
Board Costs	336	341	350	361
Staff Costs	4,647	5,649	6,450	7,403
Operating Costs	1,119	1,101	1,133	1,167
Total	6,102	7,091	7,933	8,931

RECCo Operations

Table 6 Headcount

	2024-25 Budget Headcount	2025-26 Budget Headcount	Note
CEO and Support	2	2	-
Development and Strategy	4	4	-
Data, Technology and Transformation	10	18	1
Operations	16	29	2
Finance and Commercial	6	7	3
Corporate Affairs	6	8	4
Total	44	68	5

Note 1:

The Data, Technology and Transformation headcount will increase by 8, including six roles contingent on the Consumer Consent and Digital Services projects. If RECCo is not mandated to deliver Consumer Consent or we do not progress to contract for Digital Services, these roles will not be recruited. RECCo considered the option of securing these roles through Contractor or Service Provider resources, but this was discounted for two reasons; firstly, it would not be economical to do so and secondly, the roles are technical and delivery roles, and they would be required post-go live.

One of the 2 remaining headcount increases is to introduce resilience and contingency into the programme management capability, and the other additional role is a development-level

role within the security and data team.

Note 2:

The Operations headcount will increase by 13, including 5 roles contingent on the Energy Theft Investigation Service and the TPI CoP projects. Both are contingent on being supported by industry and the service subsequently going live in 2025-26. If either project does not progress, then the roles will not be recruited. The cost of these roles is shown within the relevant project costs to provide transparency.

Of the other 8 new roles, 2 reflect the creation of a Design Authority (DA) with authority over the REC processes and RECCo systems. Introducing a Code Manager Licence will make RECCo accountable for Code Manager decision.

Two roles will be developmental roles and the remaining 4 are required to ensure we have the resources available to manage a growing RECCo remit. The prime focus of the Operations Team is to secure value for industry from the REC Services.

Note 3:

The additional role in the financial and commercial team reflects the need to strengthen the team partway through the year. To a degree, it is contingent on the crystallisation of several projects and the associated increase in purchase ledger management, sales ledger management and payroll management. If these projects do not crystallise, then that role will not be recruited.

Note 4:

The Corporate Affairs budget includes an increase of 2 additional roles in the corporate affairs team, with both roles being junior. The first is an HR Assistant, and the second is a Junior Designer

to support our stakeholder engagement activities. The first role will align our level of HR support to the recommended industry standard for headcount-to-HR-team ratio, and the second role is to bring a greater degree of design and communications work in-house, thereby reducing the financial impact of outsourcing to design agencies.

Note 5:

The notes above highlight several entry-level developmental roles. In our 2024-25 Budget and 3-year plan, we included a budget allowance as part of staff costs to enable the recruitment of entry-level staff and develop that talent over several years. That allowance is now being translated into headcount numbers. We will recruit four new entry-level roles in 2025-26 (which are included in Notes 2 and 4 above). The total increase in RECCo people costs, other than the contingent roles, is 22% compared to the 2024-25 Budget.

Table 7 Staff Costs

	2024-25 Budget £'000	2025-26 Budget £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
Staff Costs	4,647	5,649	6,450	7,403

RECCo Operations

RECCo Operating Costs

Our projected operating costs are not materially different to the prior year and reflect the costs to operate the company on a day-to-day basis. None of the individual costs are material in the context of the Budget. They include costs which **Protect** REC stakeholders (e.g. insurance and Information Security and Management), costs incurred to ensure that we Perform our stakeholder engagement activities, and costs to ensure that we comply with all our REC and wider legal obligations (e.g. statutory audit, taxation, and other compliance).

RECCo is a remote working organisation by design with a small office in London. In 2025-26, several projects will move into the implementation phase (Digital Services and Enquiry Services), and consequently, more regular physical meetings will be required. This is the primary driver for the increase in accommodation and travel costs.

Table 8 Operating Costs

	2024-25 Budget £'000	2025-26 Budget £'000	2025/26 Indicative £'000	2026/27 Indicative £'000
Audit, Compliance and Risk Management	210	180	186	192
Technology	290	305	314	324
Engagement, Training, People and Culture	310	264	271	279
Accommodation and Travel	235	325	335	345
Other	74	27	27	27
Total	1,119	1,101	1,133	1,167

Investment Projects

Our Strategy and Forward Work Plan sets out the details of our key programmes for 2025-26. For the coming year, our projects encompass protecting industry and, ultimately, consumers by addressing expiring contracts which deliver central market services, progressing initiatives to deliver new and emerging Ofgem or DESNZ-mandated requirements and protecting industry and consumers through the creation of a new service to address energy theft.

We have published Business Cases for the following projects:

- [Digital Services](#)
- [Consumer Consent](#)
- [Enquiry Service Evolution](#)
- [Energy Theft Investigation Service](#)
- [SSES: Tariff Interoperability](#)

Our 2025-26 Project Budget is £11.9m. This is a 75% increase compared to 2024-25. A component of this increase is due to the deferral of certain costs from the prior year to this coming year, e.g. MHHS delivery timescale recalibration and the inclusion of projects which are contingent. The key below identifies those projects and their respective contingent nature. These projects account for c80% of the total investment project budget.

Key:

*are projects dependent on a mandate being provided by Ofgem or DESNZ.

**are projects dependent on a REC Change being successfully progressed.

^ are projects dependent on the successful conclusion of a procurement programme.

For all the contingent projects, if the projects do not go ahead then the cost will not be fully incurred. We will adjust our charges intra-year accordingly.

Table 9 Projects

	2024-25 Budget £'000	2025-26 Budget £'000	2026-27 Indicative £'000	2027-28 Indicative £'000
Digital Services	500	3,512^	1,433	-
Consumer Consent	-	2,524*	4,495	-
Enquiry Services Evolution	300	1,830^	-	-
Market Half Hourly Settlement	3,745	1,559	744	99
Energy Theft Investigation Service	500	1,246**	-	-
SSES: Tariff Interoperability	-	548*	548	-
TPIs: Accreditation Scheme	100	334**	150	150
Code Reform (Code Manager Licence)	100	200	50	-
Sundry Minor Projects	200	200	400	400
Code Manager Service Evolution	380	181	1,117	3,032
2024: Closed Projects	835	-	-	-
Total	6,760	11,934	8,937	3,681

Projects

Digital Services

The Digital Services project is critical to RECCo’s evolution of the Code Manager service. This project is set to deliver a step change in how digital infrastructure supports the delivery and management of the Retail Energy Code (REC) and the wider retail energy market.

Consumer Consent

This is an Ofgem-driven initiative and their consultation in Summer 2024¹ identified RECCo as the preferred delivery body for the system. The REC has been selected as the governance body, requiring some REC changes.

Enquiry Services Evolution

The Gas and Electricity Enquiry Services and the Green Deal Central Charging service are essential in delivering industry engagements with customers through call centres and supporting the change of supply process. The current contracts reach a natural end in July 2027, and RECCo, therefore, needs to plan to continue and modernise those services beyond that date.

Market-wide Half Hourly Settlement²

The project delivery time was re-calibrated in 2024. This means

the end date has now been pushed back to 2027-28. The goal of MHHS is to utilise the opportunity presented by smart meters to make the settlement process more timely and accurate, thus acting as an enabler for smarter, more flexible products and services.

Energy Theft Investigation Service

This is a new initiative to support the industry in investigating theft, primarily focussed on its orchestration through organised crime or preying on vulnerable consumers. It aims to reduce both injury and economic harm.

SSES Tariff Interoperability³

This is a DESNZ initiative which will create technical frameworks to unlock flexibility for domestic and small non-domestic energy consumers, improve the electricity system’s security and give consumers the confidence to engage with a smart energy system.

¹ <https://www.ofgem.gov.uk/consultation/consumer-consent-solution-consultation>

² <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/electricity-settlement-reform>

³ <https://www.gov.uk/government/consultations/delivering-a-smart-and-secure-electricity-system-the-interoperability-and-cyber-security-of->

Change Investment

Table 10 sets out the Change Investment needed to fund functional changes to REC Services. In prior years, RECCo adopted a prudent approach to budgeting for Change Investment to ensure funding was available to support any developments.

In 2024-25, we are expected to incur c£2.9m of change against a budget of £4m. We have proposed a Change Investment Budget of £3m for the coming year. We expect changes in the Enquiry Services and the Code Manager services to reduce compared to the current year due to the procurement and investment programmes. However, we expect the level of change for CRS to increase to enable us to extract the full value of that service.

To maintain competitive tension, we have not disclosed the analysis of the Change Investment make-up in the Budget, but it can be made available directly on a confidential basis to any REC Funding Parties.

The Change Investment is not used to fund Investment Projects or RECCo operational or headcount requirements.

Table 10 Change Investment

	2024-25 Budget £'000	2025-26 Budget £'000	2026-27 Indicative £'000	2027-28 Indicative £'000
Change Investment	4,000	3,000	3,000	3,000

Contingency

RECCo is required to develop its budget on a bottom-up basis. We have not included project or service-specific risk premiums in the appropriate budget lines. A key principle of the future Code Manager Licence is to allow contingency to ensure that budgets are stable and to cover unexpected costs, thereby mitigating the need for any in-year budget adjustments.

The retail energy market continues stabilising, and we have recognised major Ofgem initiatives such as Consumer Consent and part of SSES as Projects. Consequently, we have reduced our Contingency Allowance to £1.25m, 2.2% of the total Budget.

This level of contingency would not be sufficient if Ofgem/DESNZ were to appoint RECCo to undertake a significant project not currently in the Strategic Direction Statement or not currently 'minded to' by DESNZ.

Table 11 Contingency

	2024-25 Budget £'000	2025-26 Budget £'000	2026-27 Indicative £'000	2027-28 Indicative £'000
Contingency	2,000	1,250	1,250	1,250

We hope you found this Forward Work Plan and associated financial projections useful.



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How to Respond

We welcome your feedback and comments on our draft Strategy and Forward Work Plan. Please use the questions below to help guide your response.

Response deadline - 5th February 2025
Provide feedback via our online form [here](#).

Email to recco_strategy@retailenergycode.co.uk

Forward Work Plan Questions

- Do you agree with the Priorities set out in the FWP?
- Do you have any comments or feedback on the workstreams outlined?
- Is there any additional information that would help you better understand the proposed workstreams?

Budget Questions

- Do you have any general comments on the budget?
- Is the level of detail provided sufficient to give you a full understanding of the budget?
- Is there any further information you would like included in the final budget?