CONSUMER ENGAGEMENT
PLAN AND BUDGET
2020
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smartenergyGB.org

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CF11 9LJ

The trading name of “Smart Metering Communications Body Limited” is Smart Energy GB.
Any references in this document to Smart Energy GB or “the company” should be understood as referring to “Smart Metering Communications Body Limited”. Any references in the Standard Conditions of Electricity and Gas Supply Licences, to the “Central Delivery Body” should also be taken as referring to Smart Energy GB.
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1. Governance

The Smart Energy GB board is pleased to publish its consumer engagement plan and budget 2020 which has been approved by its membership of energy suppliers.

1.1 The Smart Energy GB board
The structure of the Smart Energy GB board is set out in the Standard Conditions of Electricity & Gas Supply, Electricity Distribution and Gas Transporter Licences ("the supplier licences"). The board’s membership at 6th November 2019 is:

Independent Chair:
- Mark Lund OBE

Elected by, and representing, Relevant Suppliers:
- Chris Adams
- Jill Dougan
- Richard Hughes
- Belinda Moore
- Ed Tarelli

Nominated by Citizens Advice:
- Dhara Vyas
- James Taylor

Elected by, and representing, Small Domestic Suppliers:
- Steven Day
- Andrew Coleman

Elected by, and representing, Non-Domestic Suppliers:
- Pamela Conway
- Steve Rimell

Representing the interests of energy consumers:
- Penny Shepherd
- Chris MacLeod

1.2 The domestic Performance Management Framework (PMF) forum
The domestic PMF forum of relevant suppliers have a responsibility to set and maintain the PMF of key metrics and targets which Smart Energy GB is tasked to deliver against for our domestic campaign.

The domestic PMF forum is administered by Energy UK and independently chaired by Maxine Frerk. The relevant suppliers who are currently members of the domestic PMF forum are:

- British Gas
- Bulb
- Co-operative Energy
- EDF Energy
- E.ON
- Shell Energy
- n.power
- Octopus
- Ovo Energy
- Scottish Power
- SSE
- Utility Warehouse
- Utilita
Both Ofgem and BEIS are invited to send a representative to domestic PMF forum meetings to observe proceedings.

The Smart Energy GB board has a responsibility to ensure that it oversees Smart Energy GB’s campaign and operations, and that Smart Energy GB delivers efficiently and effectively against its objectives. Therefore, it has reviewed the associated budget to ensure it is appropriate in meeting the challenge set by the domestic PMF forum via the 2020 goals.

The board has worked closely with the domestic PMF forum over the planning period. Maxine Frerk has been a regular attendee at Smart Energy GB board meetings.

1.3 The non-domestic Performance Management Framework (PMF) forum
The non-domestic PMF forum of relevant suppliers have a responsibility to set and maintain the PMF of key metrics and targets which Smart Energy GB is tasked to deliver against for our non-domestic campaign.

The non-domestic PMF forum is administered by Energy UK and independently chaired by Maxine Frerk. The large non-domestic suppliers who are members of the non-domestic PMF forum are:

- British Gas
- EDF Energy
- EON
- EDF Energy
- Npower
- Opus
- SSE
- Scottish Power
- Total

Both Ofgem and BEIS are invited to send a representative to non-domestic PMF forum meetings to observe proceedings.

The Smart Energy GB board has a responsibility to ensure that it oversees Smart Energy GB’s campaign and operations, and that Smart Energy GB delivers efficiently and effectively against its objectives. Therefore, it has reviewed the activity plan and associated budget to ensure it is appropriate in meeting the challenge set by the non-domestic PMF forum via the 2020 goals.

The board has worked closely with the non-domestic PMF forum over the planning period. Maxine Frerk has been a regular attendee at Smart Energy GB board meetings.
2. Goals for 2020

2.1 Goals for the domestic campaign in 2020
On 16th October 2019, energy suppliers in the
domestic PMF forum considered different
potential routes for the 2020 domestic plan and
budget. At that meeting, and in subsequent
written communication, they expressed to
Smart Energy GB:

- given extensions in eligibility, suppliers are
  not looking for Smart Energy GB to drive
  conversion in 2020 but are looking for support
  in shifting attitudes, particularly among
  rejecters.

- reflecting their licence obligations, they
  want Smart Energy GB to support vulnerable
  customers and have a role in encouragement
  around behaviour change.

- they want Smart Energy GB support in
  those tasks that are more cost effectively
  delivered at a national level and/or where an
  independent voice is important.

- they want Smart Energy GB support for the
  Derby local pilot (as directed by the local pilot
  working group).

The domestic PMF forum has informed
Smart Energy GB that in 2020 it will judge
performance of the domestic campaign by
examining the following areas:

- **PR metrics** will be tracked as in previous years.
  Performance in this area is very dependent
  on what media stories emerge but broadly
  the domestic PMF forum is looking for
  Smart Energy GB to maintain or improve on
  current performance;

- progress on **partnerships and social media/
  advocacy** will be judged through regular
  updates on the effectiveness of individual
  initiatives;

- the success of the **local area** pilot will be
  judged in line with criteria to be developed by
  the working group;

- **Usage metrics** will be tracked as in 2019 and
  supported as necessary by more in-depth
  research. Broadly, the domestic PMF forum
  is looking for Smart Energy GB to maintain
  or improve on current performance but
  recognising that changes in the pool of smart
  meter owners will impact on this, as will any
  supplier activity aimed at helping customers
  manage their usage;

- **Seek/accept** will continue to be tracked as in
  previous years but with no set target;

- Suppliers are interested in tracking seek/
  accept for **pre-payment meter customers**
  and seeing that level maintained;

- Seek/accept will also be tracked for the **range
  of socio-demographic groups** considered
  previously in order to identify any groups that
  are significantly under-indexing (once account
  is taken of existing installation levels etc) and
  where targeted action is needed;
Rejection levels will be tracked (including hard rejectors). Suppliers would be very keen for Smart Energy GB to help in tackling hard rejectors but recognise that this may not be cost effective at this stage. Suppliers are looking for a reduction in the number of rejectors (after taking account of rejectors who do nonetheless get an installation).

On value for money suppliers will look to work with Smart Energy GB in the ways of econometric analysis conducted in 2020 to build a better, common understanding of the value for money of Smart Energy GB activity in delivering the outcomes being sought. This reflects NAO guidance and government best practice ie focussing on the cost of delivering the outcomes (rather than just the cost of the inputs such as media spend). This also reflects the licence requirement for the PMF to include provisions to assess “the effectiveness of the steps taken by Smart Energy GB for the purpose of achieving its objectives”.

2.2 Goals for the non-domestic campaign in 2020
On 16th October 2019, energy suppliers in the non-domestic PMF forum considered the recommendations produced from a workshop session of energy suppliers, Smart Energy GB and BEIS on potential goals of, and range of activity in, the non-domestic campaign in 2020.

Subsequent to that meeting, the Chair of the non-domestic PMF forum wrote to Smart Energy GB to confirm that there is a consensus of the suppliers in the non-domestic PMF forum on the appropriate goals and budget for Smart Energy GB’s campaign in 2020.

At the same time the Chair of the non-domestic PMF forum confirmed to Smart Energy GB that in terms of monitoring performance in 2020 suppliers will want track:

- levels of awareness that smart meters are available to businesses which they would hope would increase on current levels
- levels of seek/accept (but with no target set)

She also communicated that given that 2020 will be a first year, it will be important in learning about the most effective messages and channels; and so suppliers would also look for Smart Energy GB to identify ways of assessing the reach and, where possible, the effectiveness of its campaigns - recognising that econometric modelling will not be viable for this scale of activity.
3. Implications for activity in the 2020 campaign

3.1 The 2020 domestic campaign

The context of 2020 is one of ambitious scale in the roll out*

*Figures above represent number of non-smart adults who have had domestic installations in previous years/numbers of non-smart adults needed to take-up installations in 2020 in order for suppliers to meet their rollout targets

In reaching a view on the desired direction for the Smart Energy GB role and campaign in 2020, a number of inputs and views were considered by suppliers in the domestic PMF forum, the board and the Smart Energy GB team.

These included:

- the findings of the Bright Blue review of Annalect’s econometric modelling
- the latest Frontier Economics analysis of the customer funnel and desired domestic installations in 2020 and ratios through the funnel
- the latest view from the working group on the Derby local pilot on its plans and the role that it will want Smart Energy GB to play to support that pilot
- an overall ambition expressed by suppliers to reduce in real terms the level of spend from 2019 levels

Following discussions with energy suppliers via the domestic PMF forum, a consensus on the following implications for areas of activity within the 2020 domestic campaign was reached.
### Consumer PR, media partnerships, digital and social

<table>
<thead>
<tr>
<th>IMPLICATIONS FOR 2020 DOMESTIC CAMPAIGN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should continue at 2019 enhanced scale/level.</td>
</tr>
<tr>
<td>Increase to five Consumer PR campaigns, delivered at planned points in the year to align with our core campaign. Each fronted by credible experts, exploring different macro benefits of smart, including health and social care, sustainability, national investment and innovation.</td>
</tr>
<tr>
<td>To continue to work in partnership with news outlets (in press and online) to use paid-for content to change attitudes (particularly amongst passive rejectors) and influence behaviours.</td>
</tr>
<tr>
<td>Significant increase in social media activity, going beyond the traditional converted ads and community management model. Budget assigned will be used to create personalised and targeted content to drive attitudinal change and increase advocacy.</td>
</tr>
<tr>
<td>Influencer advocacy programme launches, but not in the standard celebrity ambassador format. Programme to include experts and authoritative voices, micro-influencers, products in kind, and exploring long-term partnerships.</td>
</tr>
<tr>
<td>We will establish new “press office” models to achieve coverage during campaign downtime, including increased thought-leadership PR, as well as working with newswires on occasion as a way into a tough and crowded media landscape.</td>
</tr>
<tr>
<td>Should expand social and influencer activity focused on attitudes and advocacy, prepay support, support for PR, supporting usage.</td>
</tr>
</tbody>
</table>

### Marketing partnerships

<table>
<thead>
<tr>
<th>IMPLICATIONS FOR 2020 DOMESTIC CAMPAIGN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand (e.g. National Trust) and community (e.g. local charity) partners should be focused on hard to convince passive rejecters and those currently unaware – with overall scale continuing at enhanced 2019 FY levels.</td>
</tr>
</tbody>
</table>

### Paid media

<table>
<thead>
<tr>
<th>IMPLICATIONS FOR 2020 DOMESTIC CAMPAIGN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should be focused on attitude-forming activity at optimum level to control rejection and build positive attitudes (at an overall lower scale compared to previous years).</td>
</tr>
<tr>
<td>Minimal commitment in media buy ahead of next round of econometric analysis.</td>
</tr>
<tr>
<td>Econometric analysis will be used as the basis of planning the best value and most effective channel mix (of both paid and earned channel activity). Work is in hand to further enhance econometric modelling in 2020:</td>
</tr>
<tr>
<td>data has been requested from suppliers to allow modelling to account in more depth for supplier direct activity and longer time period</td>
</tr>
<tr>
<td>Bright Blue will be auditing the next set of Annalect’s econometric modelling, to assure both Smart Energy GB and PMF forum of accuracy</td>
</tr>
<tr>
<td>the next round of econometric modelling will be produced by in early 2020, to support any variation to Smart Energy GB’s in-year 2020 plan/budget</td>
</tr>
<tr>
<td>As such, the budget has assumed a lower (15.1%) proportion of media budget in the first quarter, and as a principle Smart Energy GB will not commit to purchasing media on any longer than 6-8 weeks (dependent on channel) in advance basis.</td>
</tr>
<tr>
<td>The budget is also planned on the basis of an expectation of “A, excellent” achievement of value of media unit price negotiation and purchase by PHD (based on MediaSense’s independent audit of value setting the “A, excellent” grade).</td>
</tr>
</tbody>
</table>
## Area of Activity | Implications for 2020 Domestic Campaign
---|---
**Production** | Should be based on cross platform creative development and assets as required by the above activity.

**Insight and analytics** | Should be reduced to minimum required to inform decision making and demonstrate effectiveness. Econometrics reduced from four waves/annum to two. We have previously researched useful external comparators from COI and PHE which give us indicators of 5.6% and 5% of turnover respectively. We are currently at 5% of turnover in our 2020 domestic budget.

**News** | Press office for reactive news management will be needed in 2020 per 2019 levels.

**Public affairs and policy** | We are planning a reduction in spend in this area in 2020, to the minimum that we believe is viable in order to reflect our continuing obligations (e.g. to properly respond to and serve Parliaments and Parliamentarians in their requests for information about our activity), and manage our public correspondence functions.

**Local pilot campaign (Derby)** | Direct campaign activity, project management and evaluation should reflect the decisions of the working group running that project (including any pass-through costs that they request are managed via Smart Energy GB).
### 3.2 The 2020 non-domestic campaign

A workshop made up of large non-domestic suppliers, representatives of BEIS and Smart Energy GB was held on 10th October 2019 to discuss the challenges that suppliers have in rolling out smart meters to their microbusiness customers and the potential solutions (focusing on those solutions that a national engagement campaign could support microbusinesses with designated premises in 2020.)

We would like to thank all those who attended and contributed to the discussion. The attendees were:

- Anca Staples (Opus)
- Claire Youngman (BG)
- Maxine Frerk (PMF forum)
- Stephanie Gale (BEIS)
- Janina Ketterer (BEIS)
- Christina Tudorascu (SSE)
- Rich Tunbridge (EDF)
- Jo Clay (EDF)
- Chris Brown (Haven)
- John Garlick (EON)
- Edmund Frondiguon (EUK)
- Alistair Gibbons (SEGB)
- Claire Baines (SEGB)
- Claire Howes (SEGB)

Primarily, the group consensus was that the majority of the challenges are encountered prior to a booking being made; firstly, in being able to make contact with the customer in the first place, and then in securing a booking. Once a booking is made, drop-out rates were broadly considered to be similar to that of domestic customers. More complex metering situations, that are not yet resolvable on site, (such as 3 Phase), were flagged as one notable area of difference impacting install abort rates compared to the domestic market.

The commonly cited challenges identified by the group are set out on the next page. All the challenges listed, except the very last one, were challenges that the group felt Smart Energy GB’s national campaign could potentially play a role in addressing, either independently or in conjunction with suppliers.
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>CHALLENGES</th>
</tr>
</thead>
</table>
| **Customer and supplier relationship**       | - In many instances there is not direct communication with the customer as the relationship is controlled by brokers/TPIs either in the entirety or at opportune moments to discuss metering (i.e. at acquisition)  
  - outbound phone is inefficient as often not talking to the decision maker (e.g. employee rather than account holder)  
  - landlords versus permissions required is unclear. Some suppliers reported this being genuine, others felt it is used as deflection to avoid discussion  
  - there is a lack of trust of energy suppliers, resulting in suspicion as to supplier motives when offered a smart meter for free, or in some instances where incentivisation has been trialled |
| **Customer priorities results in lower response rates** | - energy is a low priority for customers  
  - they are focussing on growing their businesses rather than cost cutting  
  - they are focussing on business survival and adaptation in light of Brexit, GDPR etc.  
  - they receive a myriad of sales etc comms and so are resistant to engage  
  - low awareness of smart meters                                                                                                                                                                                                                                           |
| **Individual business-level benefits do not outweigh perceived effort/costs** | - being off supply for some period  
  - accurate bills felt to be a hygiene factor, not a benefit  
  - lack of belief in potential to save money  
  - concerns over data privacy (links to suspicion of supplier motives for installing)                                                                                                                                                                                            |
| **Lack of awareness of broader national importance and benefits of the rollout** | - not understanding/feeling that their business has an important part to play for the good of their community and wider national need                                                                                                                                                                                                 |
| **Impact of negative media increasing concerns** | - switching and SMETS1 concerns  
  - belief in ‘myths’ e.g. around data security, health and safety, privacy                                                                                                                                                                                                                                                                     |
| **Complex metering situations**              | - e.g. 3 Phase impacts at both eligibility and install stages                                                                                                                                                                                                                                                                                  |
## Roles for Smart Energy GB non-domestic campaign in 2020

The group identified the following roles of value for the Smart Energy GB non-domestic campaign in 2020.

<table>
<thead>
<tr>
<th>AREA</th>
<th>POTENTIAL SOLUTION</th>
</tr>
</thead>
</table>
| **Development of compelling common messaging** (noting that testing any messages will be important) | - the use of collective messages around national benefits could cut through e.g. smart grid, greener Britain.  
- the use of national contribution through business making their own contribution i.e. all businesses have a role to play  
- across ATL channels, consider messaging that covers homes and businesses.  
- consider stressing that it is just an infrastructure upgrade, laying foundations for future innovation that will improve their business.  
- position to TPIs as a business differentiation opportunity for how they service their clients  
- FAQs to reassure customers e.g. supply downtime, and to “myth bust” |
| **Targeting audience that creates a potential barrier** | - identifying and communication with landlords will be important  
- influencing and working with TPIs and other intermediaries on providing relevant and motivating assets |
| **Validation and normalisation** | - showing that taking up smart is the “normal” choice, providing compellingly written up case studies – also for suppliers or TPIs to use in their comms direct to consumers.  
- work with representative groups to create an accreditation branding/badge scheme which businesses that have “gone smart” can wear with pride  
- liaise with BEIS innovation project for potential to incorporate innovation initiatives |
| **Benefit from domestic campaign** | - reflecting business into the domestic campaign (were the domestic campaign to continue large scale demand generation in 2020) |

The group identified that Smart Energy GB’s 2020 non-domestic campaign might find the following channels useful:

- partnering with representative groups and using their own communication channels to their memberships
- working with TPIs so that they use their communication channels to the businesses whom they work with
- earned media (reactive and proactive PR)
- bought media (with trade media focus)
- radio advertising
4. Budget 2020

4.1 Domestic budget

The Smart Energy GB board recognises the importance of value for money (VfM) throughout all the company’s operations. To best ensure we maximise the effectiveness of our expenditure and minimise waste, we apply the National Audit Office (NAO) VfM model as the basis of the planning principles for budgeting.

For further information, the NAO has published details of its VfM model on its website.

The total 2020 domestic budget of £36.7m is broken down by the domestic capital budget of £28.8m and the domestic contribution to fixed operating costs of £7.9m.

<table>
<thead>
<tr>
<th>£k</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2020 TOTAL</th>
<th>2019 COMPARATOR*</th>
</tr>
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<tr>
<td><strong>CAPITAL FUNDING</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td><strong>DOMESTIC CONSUMER ENGAGEMENT</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Proactive consumer PR</td>
<td>425</td>
<td>743</td>
<td>644</td>
<td>646</td>
<td>2,458</td>
<td>2,559</td>
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<tr>
<td>Media partnerships</td>
<td>500</td>
<td>915</td>
<td>200</td>
<td>790</td>
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<td>1,640</td>
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<tr>
<td>Digital and social</td>
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<td>427</td>
<td>427</td>
<td>1,761</td>
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<td>Production</td>
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<td>Media buy</td>
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<td>2,762</td>
<td>13,193</td>
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<td>Marketing partner-ships</td>
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<td>760</td>
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<td>438</td>
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<td>Insight and analytics</td>
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<td>518</td>
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<td>491</td>
<td>1,900</td>
<td>2,370</td>
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<tr>
<td>Telephone and online journey</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>517</td>
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<tr>
<td><strong>Domestic consumer Engagement total</strong></td>
<td>6,504</td>
<td>9,250</td>
<td>5,567</td>
<td>5,883</td>
<td>27,204</td>
<td>30,774</td>
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</table>

*where applicable
<table>
<thead>
<tr>
<th>£k</th>
<th>Q1</th>
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<th>Q4</th>
<th>2020 TOTAL</th>
<th>2019 COMPARATOR*</th>
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</thead>
<tbody>
<tr>
<td><strong>CORPORATE AFFAIRS</strong></td>
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<td>Policy</td>
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<td>Corporate Affairs travel and subsistence</td>
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<td>-</td>
<td>-</td>
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<td><strong>Corporate Affairs total</strong></td>
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<td>211</td>
<td>146</td>
<td>146</td>
<td>649</td>
<td>821</td>
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<td>Capital funding total (before exceptional item)</td>
<td>6,650</td>
<td>9,461</td>
<td>5,713</td>
<td>6,029</td>
<td>27,853</td>
<td>31,595</td>
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<td><strong>Ring-fenced exceptional item</strong></td>
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<tr>
<td>Local Pilot</td>
<td>900</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>900</td>
<td>500</td>
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<tr>
<td><strong>CAPITAL FUNDING TOTAL</strong></td>
<td>7,550</td>
<td>9,461</td>
<td>5,713</td>
<td>6,029</td>
<td>28,753</td>
<td>32,095</td>
</tr>
</tbody>
</table>

*where applicable
<table>
<thead>
<tr>
<th>£k</th>
<th>Q1</th>
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<th>Q3</th>
<th>Q4</th>
<th>2020 TOTAL</th>
<th>2019 COMPARATOR*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOMESTIC CONTRIBUTION TO FIXED OPERATING COSTS</strong></td>
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<td></td>
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<td>Staff costs</td>
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<td>1,336</td>
<td>1,336</td>
<td>1,336</td>
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<td>Training and development</td>
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<td>71</td>
<td>71</td>
<td><strong>283</strong></td>
<td><strong>299</strong></td>
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<tr>
<td>Premises and office running costs</td>
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<td>324</td>
<td>245</td>
<td><strong>1,547</strong></td>
<td><strong>1,446</strong></td>
</tr>
<tr>
<td>Travel and subsistence</td>
<td>46</td>
<td>46</td>
<td>46</td>
<td>47</td>
<td><strong>185</strong></td>
<td><strong>135</strong></td>
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<tr>
<td>ICT</td>
<td>183</td>
<td>68</td>
<td>48</td>
<td>56</td>
<td><strong>355</strong></td>
<td><strong>506</strong></td>
</tr>
<tr>
<td>Financial audit and accountancy</td>
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<td>20</td>
<td>20</td>
<td>20</td>
<td><strong>80</strong></td>
<td><strong>80</strong></td>
</tr>
<tr>
<td>Insurance, legal and consultancy</td>
<td>86</td>
<td>33</td>
<td>31</td>
<td>35</td>
<td><strong>185</strong></td>
<td><strong>188</strong></td>
</tr>
<tr>
<td>Depreciation</td>
<td>53</td>
<td>49</td>
<td>48</td>
<td>35</td>
<td><strong>185</strong></td>
<td><strong>508</strong></td>
</tr>
<tr>
<td>Bad debt provision</td>
<td>90</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Tax</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Less allocation to non-domestic budget</td>
<td>(76)</td>
<td>(77)</td>
<td>(76)</td>
<td>(77)</td>
<td>(306)</td>
<td>-</td>
</tr>
<tr>
<td>Less bank interest</td>
<td>(10)</td>
<td>(11)</td>
<td>(11)</td>
<td>(11)</td>
<td>(43)</td>
<td>(43)</td>
</tr>
<tr>
<td><strong>DOMESTIC FIXED OPERATING COSTS TOTAL</strong></td>
<td><strong>2,447</strong></td>
<td><strong>1,867</strong></td>
<td><strong>1,839</strong></td>
<td><strong>1,759</strong></td>
<td><strong>7,912</strong></td>
<td><strong>8,794</strong></td>
</tr>
<tr>
<td><strong>2020 DOMESTIC BUDGET TOTAL</strong></td>
<td><strong>9,997</strong></td>
<td><strong>11,328</strong></td>
<td><strong>7,552</strong></td>
<td><strong>7,788</strong></td>
<td><strong>36,665</strong></td>
<td><strong>40,889</strong></td>
</tr>
</tbody>
</table>

*where applicable
Notes to the domestic budget:

Consumer Engagement
i. Proactive Consumer PR: includes all costs associated with deploying proactive consumer PR campaigns, including agency support and fees, talent and advocate costs, research for proactive PR purposes, copywriting and illustrations, photography and AV/audio asset production.

ii. Media Partnerships: includes all costs and associated fees of planning, producing and buying the media space for paid media partnerships.

iii. Digital and Social: includes costs including agency fees and production associated with maintaining our digital presence (website and social media channels) including hosting fees, search engine optimisation, testing and maintenance etc; and the planning, development and production of ‘digital native’ content campaigns.

iv. Production: includes all costs associated with the production of content including creative, planning and account agency fees, usage, and all artwork and production costs, guidelines and other design.

v. Media buy: includes all costs and associated agency fees and commissions of planning and buying media space in paid media channels.

vi. Marketing Partnerships: includes all costs including funds passed directly to partner organisations (such as charities, community groups and brands) required for the planning, development and production of marketing partnerships.

vii. Insight and Analytics: includes all costs and fees required to plan, commission, conduct and analyse research for consumer engagement insight, measurement and optimisation purposes and evaluation, as set out in this paper.

Corporate Affairs
i. News: includes all costs relating to reactive news management and responsiveness, including agency support, media monitoring tools, and subscriptions.

ii. Policy: includes all costs relating to thought leadership work, including the generation of policy evidence and research, and subsequent events.

iii. Public Affairs: includes all costs relating to building knowledge and advocacy among politicians, businesses and stakeholders in England, Wales and Scotland, including agency support and tools necessary to manage public correspondence.

Fixed operating costs
i. Staff costs: includes all direct and indirect staff costs including salaries, national insurance, pension contributions, recruitment and some indirect staff benefits.

ii. Training and development: including the full training and development costs for the organisation including one-to-one training, group training and internal planning meetings.

iii. Premises and office running costs: includes the rent, rates and service charge for our three offices in London, Cardiff and Edinburgh. The associated running costs (from printing and postage to cleaning and general maintenance) are also included.

iv. Travel and subsistence: includes the travel costs and associated subsistence when our staff team have to travel away from their main place of work for activity for Smart Energy GB.
v. **ICT:** includes the IT support costs, infrastructure costs, licences (for software, storage and security) and network costs.

vi. **Financial audit and accounting:** includes the costs our external audit fees and our outsourced bookkeeping fees.

vii. **Insurance, legal and consultancy:** includes all insurance costs and a provision for legal and consultancy support.

viii. **Bad debt provision:** in 2020 there is a risk of some suppliers not being able to pay funds due to Smart Energy GB as a result of going into administration. The bad debt provision is an estimation of the level of income that may not be paid if this risk materialises in 2020.

ix. **Tax:** Smart Energy GB is liable to pay corporate tax on its bank interest. This budget allocation is to meet that liability.

x. **Bank interest:** this is an estimation of our bank interest based on our forecast cashflow, using current interest rates:
4.2 Non-domestic budget
The Smart Energy GB board recognises the importance of value for money throughout all the company’s operations. To best ensure we maximise the effectiveness of our expenditure and minimise waste, we apply the National Audit Office (NAO) VfM model as the basis of the planning principles for budgeting. For further information, the NAO has published details of its VfM model on its website.

The total 2020 non-domestic budget of £1.67m is broken down by the capital budget of £1.36m and the non-domestic suppliers contribution to the fixed operating budget of £0.31m.

<table>
<thead>
<tr>
<th>£k</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2020 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL FUNDING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proactive consumer PR</td>
<td>-</td>
<td>135</td>
<td>30</td>
<td>135</td>
<td>300</td>
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<tr>
<td>Digital and social</td>
<td>45</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>120</td>
</tr>
<tr>
<td>Production</td>
<td>120</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>130</td>
</tr>
<tr>
<td>Digital</td>
<td>40</td>
<td>5</td>
<td>2.5</td>
<td>2.5</td>
<td>50</td>
</tr>
<tr>
<td>Partnership marketing</td>
<td>-</td>
<td>157.5</td>
<td>25</td>
<td>67.5</td>
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<tr>
<td>Media buy (trade press)</td>
<td>-</td>
<td>50</td>
<td>-</td>
<td>50</td>
<td>100</td>
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<tr>
<td>Media buy (radio)</td>
<td>-</td>
<td>125</td>
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<td>135</td>
<td>300</td>
</tr>
<tr>
<td>Public affairs</td>
<td>20</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td>Insight and analytics</td>
<td>30</td>
<td>20</td>
<td>-</td>
<td>20</td>
<td>70</td>
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<tr>
<td><strong>Non-domestic capital funding total</strong></td>
<td>255</td>
<td>527.5</td>
<td>142.5</td>
<td>435</td>
<td>1,360</td>
</tr>
<tr>
<td><strong>Fixed operating costs (being an allocation of overheads)</strong></td>
<td>76</td>
<td>77</td>
<td>76</td>
<td>77</td>
<td>306</td>
</tr>
<tr>
<td><strong>Non-domestic 2020 budget total</strong></td>
<td>331</td>
<td>604.5</td>
<td>218.5</td>
<td>512</td>
<td>1,666</td>
</tr>
</tbody>
</table>

*The allocation of overheads above used the percentage of capital costs and fixed operating costs in the domestic campaign. The percentage of overheads in the domestic campaign is 22.5% which has been applied to capital funding above. The allocation reflects a fair contribution of support costs of the non-domestic campaign that includes a contribution towards:
- Staff costs (inc training and development)
- Premises and office running costs
- Travel and subsistence
- IT
- Financial audit and accounting
- Insurance, legal and consultancy
- Depreciation
- Bad debt provision
- Taxation