



Consumer engagement plan and budget

2021

Smart Energy_{GB}
Join the quiet revolution

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smartenergyGB.org

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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 2021 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 is chaired by Mark Lund OBE and its membership at 11th November 2020 is:

Elected by, and representing, Relevant Suppliers:

- Daren Carter
- Alexander Constanti
- Jill Dougan
- Richard Hughes
- Fiona Mayo
- Ed Tarelli

Nominated by Citizens Advice:

- Dhara Vyas
- James Taylor

Elected by, and representing, Small Domestic Suppliers:

- Steven Day

Elected by, and representing, Non-Domestic Suppliers:

- Pamela Conway
- Andrew Green

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. Its membership is representatives of relevant suppliers. Both Ofgem and BEIS are invited to send a representative to 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 PMF forum via the 2021 goals.

The Board has worked closely with the 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 the non-domestic campaign.

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

- British Gas
- EDF
- E.ON
- 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 2021 goals.

2. Strategic direction to 2025

2.1 The long term strategy to maximise installations by 2025

During 2020, Smart Energy GB approached 23 stakeholder organisations with a range of questions about the future of the rollout and Smart Energy GB's part in it. 18 organisations responded, revealing consensus over a number of areas:

- Covid-19 is expected to disrupt installation run rates into 2021
- The technical assumptions within the Joint Industry Plan should be adhered to (though being prepared to be flexible)
- Smart Energy GB should continue to support the microbusiness roll out
- More focus by Smart Energy GB would be appropriate on audiences with vulnerabilities
- More focus by Smart Energy GB would be appropriate on usage behaviour change
- Smart Energy GB should play a role in future pan-industry initiatives (such as the Derby Pilot)

This gave clarity on the strategic direction for the areas identified above. The big area where views differed was in relation to the limits of the voluntary phase of the domestic rollout and what policy levers should be used to stimulate demand once voluntary take up slows down (the 'policy stimulus phase').

Taking views from that consultation on the extent of the voluntary phase, and use of standard 'S curves,' we projected forward two scenarios based on reaching either 55 per cent or 65 per cent penetration as two indicative scenarios (representing two points amongst a range of stakeholder feedback on how far the voluntary phase could progress). The 55 per cent scenario reached its voluntary limit at the end of 2021, and the 65 per cent scenario nearly a year later in Autumn 2022.

The key conclusion is that Smart Energy GB's engagement plan and budget for 2021 should be delivered within a voluntary context.

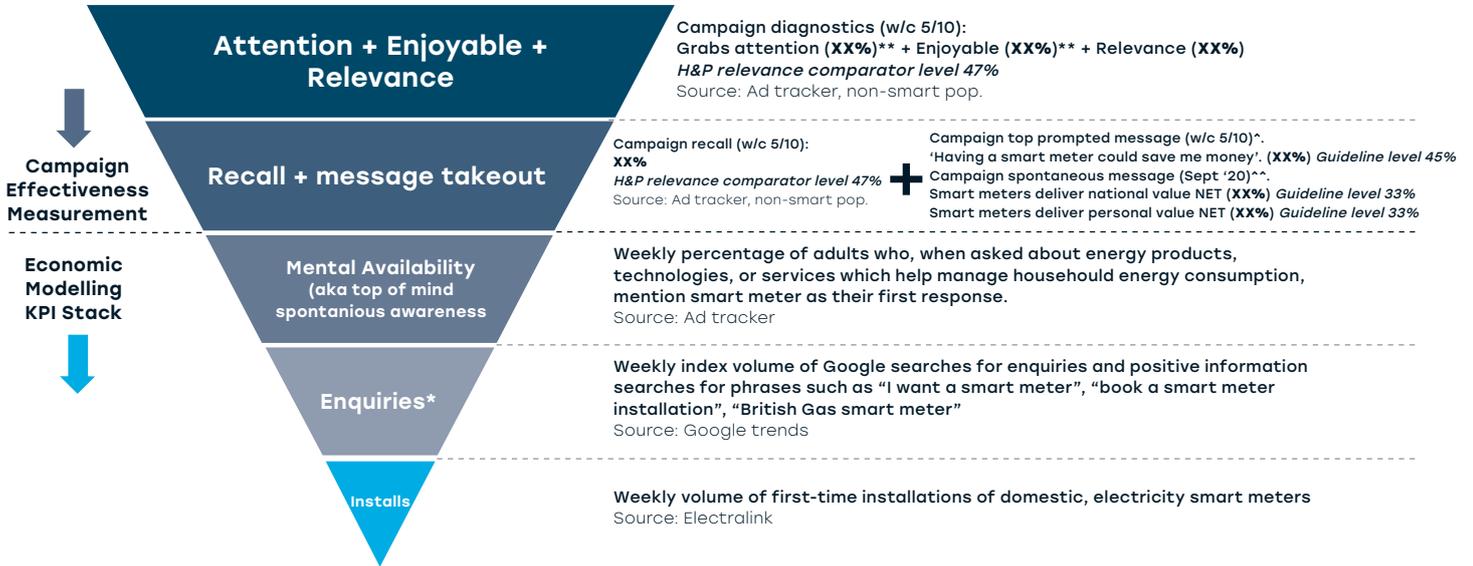
2.2 Moving through a voluntary phase to completing the rollout by 2025

From the moment the peak run rate is reached in each scenario above, there is a period of 6 to 13 months before the expected limit of the voluntary phase is reached. Early identification of which voluntary curve the rollout is on, and how long the peak lasts, will be important for planning purposes.

The ideal metric to track progress would be cost per install. It is unlikely to be achievable as a robust indicator so, as the next best alternative, weekly installs will be tracked closely and when there is an average decline in installations over any eight week period AND there is an accelerating rate of decline (as is typical in a bell curve), we will assume we are on the downward curve unless there are significant factors at play, such as further lockdowns.

Seek/accept attitudes will continue to be monitored along with econometric data such as mental availability and enquiries, as well as all our other insight. All relevant data will be promptly reported to the Board, PMF forum, and other stakeholders as it becomes available along with campaign indicators such as those around attention, enjoyability, relevance, recall and message takeout (see below for example of summary reporting format.)

Fig 1: Example of summary reporting format



* NB Seek/Accept is an alternative middle funnel metric to enquiries used as a PMF KPI. It is not incorporated into modeling due to lack of historic trend and sampling volatility on the weekly tracker. Enquiries is only available as an index so not suitable for broader organisational target setting or use as a PMF KPI

** No comparator available for Grabs attention or Enjoyable

^ Only top prompted message is shown as position in ranking is a key determinate of strength of takeout alongside absolute level of endorsement

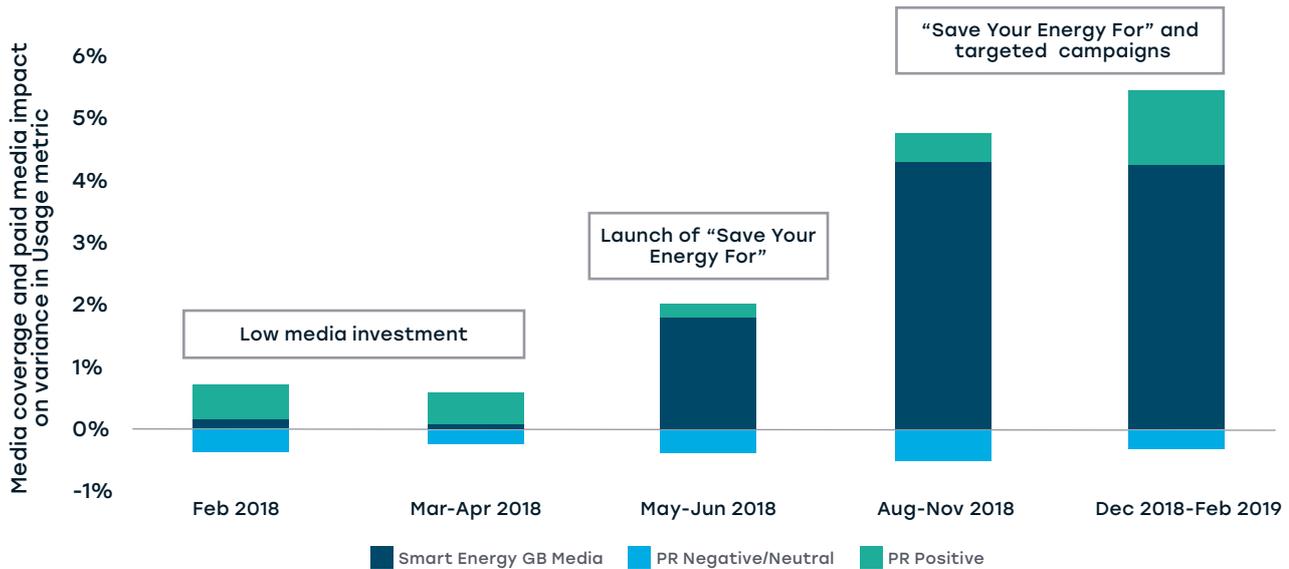
^^ Spontaneous message takeout data is only available on a monthly basis

As the roll out comes out of the voluntary phase, regulatory and non-regulatory levers will be required to get us as close to 100 per cent as possible. This work will include an assessment of when any such levers will be introduced. To inform that approach, Smart Energy GB has recently commissioned Dectech to review the regulatory and non-regulatory levers available and to what extent they could be used to maximise take up between now and 2025. The work is expected to conclude in the winter.

2.3 Usage behaviour change

Historically, our installation-focused campaigns have delivered a halo impact on our Usage KPI*. In 2021, we expect our installation campaigns to continue to be benefit messaging led, and therefore we expect these campaigns to also provide a halo on usage.

%pt impact on Usage KPI driven by media coverage and paid media:



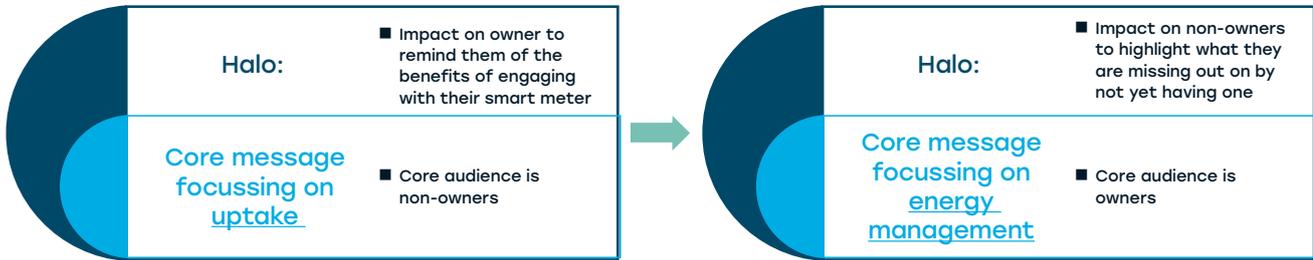
*Usage KPI used in Econometrics is *"I actively manage how much energy I use around my home"*

Installation drives engagement with the smart meter data, and provides an opportunity to test and embed new energy management behaviours.

Over 2021-25 there will be a shift in transition to energy management as the main narrative, speaking to the installed base about benefits, but comms are overheard by non-customers for a halo impact on uptake.

Whilst the relative shift will grow over time as adoption rises further, the campaign in 2021 will highlight some key usage benefits also linked to driving uptake.

Focus of mainstream GB audience communications narrative:



Comms framework

CAMPAIGN IDEA THE QUIET REVOLUTION						
CAMPAIGN OBJECTIVE Drive seek and accept by showing how smart meters are enabling a brighter, smarter future for Britain						
BENEFITS						
BENEFIT TERRITORY	Britain	The environment	New technologies	Pre-pay customers	You and your family	Your business
RTBs (TBC)	Smart meters help make Britain's outdated energy system more able to meet the demands of the 21 st century	Smart meters will help you do your bit for the environment, helping Britain to reach net zero carbon emissions.	Smart meters will help enable new technologies like mass uptake of EVs or smart appliances.	Smart meters are enabling people throughout Britain to top up remotely.	Smart meters are helping millions across Britain to reduce their energy use and save money.	Across Britain, smart meters are giving businesses greater control over their energy bills.
CHANNELS (TBC)	TV, OLV, Print, Radio, Social, PR	TV, Social, OLV, Print	Social, OLV, Print	OLV, Print/Radio, Partnerships, Social	Social, OLV, Print, Radio	Print/Radio, Partnerships, Social

Looking ahead, the objective in this area is expected to be broadened from “Increase the willingness of Energy Consumers to use Smart Metering Systems to change their behaviour so as to enable them to reduce their consumption of energy” to “Increase the willingness of Energy Consumers to use Smart Metering Systems to change their behaviour so as to enable them to more effectively and efficiently manage their use of energy”. Engagement activity for 2021 is mindful of this re-focus while remaining focused on smart meter installations.

2.4 Customers in vulnerable circumstances (CIVCs)

Our approach to CIVCs builds from our work in the 2015 publication, Smart energy for all. From this research, there are 21 groups with characteristics that are likely to result in barriers along the smart meter journey that Smart Energy GB can have a role in tackling. Of these, we need to focus on those that are falling behind.

Smart energy outlook shows that there are some audiences falling behind. ‘Low income’

under-indexes for seek/accept (29%), while the largest gap is among those with ‘no personal internet access’ (13% (vs. 35% for all GB adults)). In addition, many audiences that have personal non-physical barriers over-index on being unaware, and under-index on ownership and seek/accept.

A review of third-party research highlighted additional challenges/opportunities to these two categories:

- Carers (i.e. friends and family) could be an effective channel through which to engage these audiences
- Further explanation of the installation process may be required
- Increased awareness of the Accessible IHD may be needed for some
- The importance of being on the Priority Services Register (PSR)

The approach to addressing these challenges, including communicating with the two sub-demographics, in 2021 is outlined in [section 4](#).

3. PMF goals for 2021

3.1 Goals for the domestic campaign

The Domestic PMF forum has given Smart Energy GB a clear articulation of the metrics and targets of the Performance Management Framework along with a clear expectation of the tasks to be delivered in 2021.

The objectives and metrics for 2021, detailed below, have been provided on the understanding that we are currently in a very uncertain environment. Therefore, flexibility will be paramount; being able to adjust to the external environment and in response to our own campaign and market insight will be critical.

Domestic PMF metrics for Smart Energy GB in 2021

Area	Metric	End-H2 2020 Baseline	Target
Seek/Accept	1. Seek/accept (GB adults)	To be established by <i>Smart energy outlook</i> as conducted by Yonder in Nov 2020	<i>Maintain or improve percentage</i>
Rejection	2. Rejecters (GB adults)	To be established by <i>Smart energy outlook</i> as conducted by Yonder in Nov 2020	<i>Reduce absolute numbers</i>
Attitude Sub-demographics	3. cf. 1-2 for Low income, Prepay, and Offline adults	To be established by <i>Smart energy outlook</i> as conducted by Yonder in Nov 2020	<i>Monitor – maintain PPM seek/accept percentage</i>
VFM metric	4. Independent assessment of value for money of paid media prices	To be established by independent audit as conducted by MediaSense at end of 2020	A: excellent
PR metrics	5. Percentage of GB adults who recall seeing or hearing any news, articles or opinion pieces about smart meters recently, who state it made them feel more positive about smart meters	To be established by Hall & Partners independent research using Q4 2020 average	Maintain or improve
	6. Total earned media impressions containing positive messages about smart meters placed by Smart Energy GB	To be quantified by Echo Research independent research	Maintain or improve

Area	Metric	End-H2 2020 Baseline	Target
Usage metrics	7. Smart population who have smart functionality reporting “I actively manage how much energy I use around my home”	To be quantified by <i>Smart meter usage tracker</i> as conducted by Yonder in Nov 2020	<i>Maintain or improve</i>
	8. Smart population who have smart functionality reporting “great deal of difference/fair amount of difference” for “What difference, if any, has having a smart meter made to how much energy you use at home?”	To be established by <i>Smart energy outlook</i> as conducted by Yonder in Nov 2020	<i>Maintain or improve</i>
Installations	9. Rolling weekly run rate of smart meter installations (using Electricity meters as household proxy)	To be established by Electralink electricity meter installs using Q4 2020 average	<i>Monitor</i>
Mental Availability	10. Spontaneous 1 st mention of smart meter as a ‘product or service that helps you manage your household energy consumption’ (GB adults)	To be established by Hall & Partners independent research using Q4 2020 average	<i>Monitor</i>
Enquiries	11. Google searches for positive information on smart meters, including how to get one (nb. Index based measure)	To be established by Google data using Q4 2020 average	<i>Monitor</i>
Willingness	12. Non-smart population that are very/fairly willing to allow someone in their home to install a smart meter	To be established by Hall & Partners independent research using Q4 2020 average	<i>Monitor</i>

3.2 Goals for the non-domestic campaign

On 29th September 2020, energy suppliers in the non-domestic PMF forum considered the draft microbusiness strategy and campaign plan as presented by Smart Energy GB, and discussed their views on the key challenges for the microbusiness rollout, and hence the group's intention with regards to goals for the campaign in 2021.

Following that meeting, the Chair of the non-domestic PMF forum has written to Smart Energy GB to confirm that there is a consensus of the suppliers in the non-domestic PMF forum on the appropriate goals for Smart Energy GB's campaign in 2021. The budget that is the subject of this resolution reflects that consensus and the discussion at the PMF forum meeting of the 29th September.

At the same time, the PMF forum has confirmed to Smart Energy GB that in terms of monitoring performance in 2021, suppliers will want to track:

Amongst premise-based microbusinesses:

- levels of awareness that smart meters are available to businesses, which they would hope would increase on current levels; and
- levels of seek/accept, which they would hope would increase on current levels

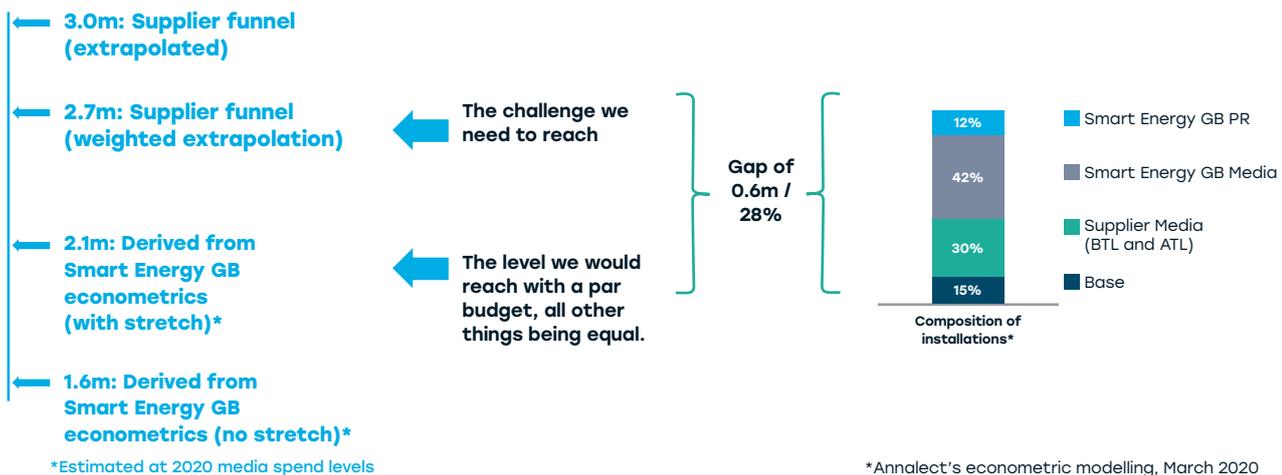
Overall levels of installations will also be tracked as these reflect the end goal that all parties are working towards.

4. Implications for activity in the 2021 campaign

4.1 The focus on installations

The forecast level of installations in 2021 derived from the econometric model is 2.1m. This includes significant conversion stretch - the conversion rate from the pool of seekers has got to increase by 50 per cent, 33 per cent increase from accepters and 25 per cent higher on those who are indifferent or rejecters.

The latest information from the supplier funnel exercise indicated that the level of desired installations in 2021 is 2.7m (after adjusting for respondent bias). This represents a significant gap from the forecast derived from the econometric model, but it is a gap that suppliers and Smart Energy GB need to aim to close.

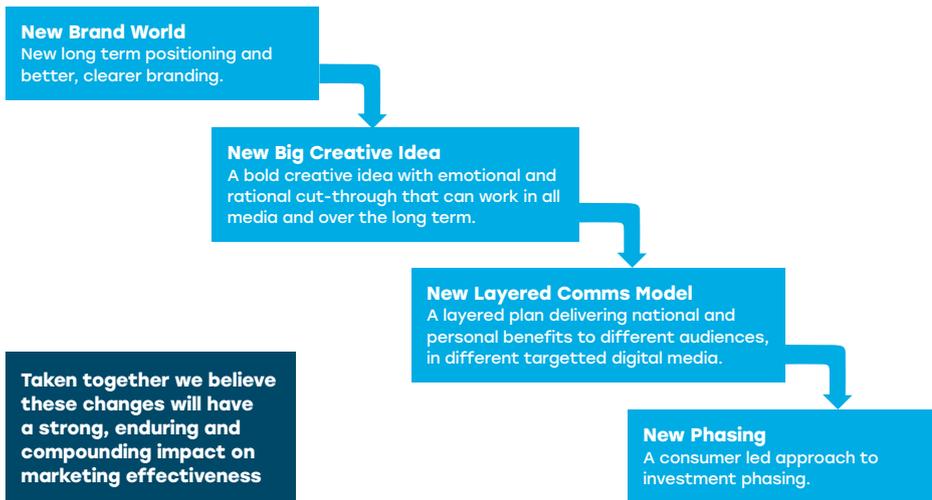


To help close that gap, we expect to see three main improvements:

- Suppliers to improve their operational fulfilment to maximise conversion through the bottom half of the funnel
- Smart Energy GB is planning a range of major changes to its campaign activities that will drive increased marketing effectiveness (NB. Subject to the pandemic).
- Smart Energy GB will drive in-budget efficiencies by shifting existing budget from lower priority activities into activities that most affect install levels (especially media buy) – as well as enabling us to invest more in CIVCs, usage and local pilot activity.

Smart Energy GB campaign

In order to ramp up the effectiveness of our campaigns, we plan to launch a new brand world and big new creative idea in 2021 (timing will be dependent on the pandemic and results from the current campaign), which we hope can last for a number of years. They build on some of the themes already developed for The Quiet Revolution:



We plan to launch a new long-term positioning based on the role of smart meters in Britain’s fourth revolution: “The Energy Revolution”. New branding and a new endline will reinforce this in all communications.

The Quiet Revolution contains the kernel of an idea that we can build a new positioning from. The grand arc of Britain’s industrial progression is from industrial and digital revolutions to today’s “Energy Revolution”. We want to build and shape this growing narrative, and how smart meters are a simple, easy way to enable this future.



With electricity needs predicted to double by 2050, and with a global imperative to reach net-zero, how we manage energy has never been more important.

We need an energy system that can unlock a greener, brighter future for Britain.

One that gives everyone more control over their homes and businesses.

And one that can help make the promise of technology a reality.

The good news is that the revolution needed has already started: Smart Meters.

Getting a smart meter is your simple way to join Britain’s energy revolution

New brand world

This will translate into a new logo, design world and endline that will position the smart meter brand in a bigger, clearer, more modern and impactful way in 2021.

Creative platform

Early social media and anecdotal feedback on the current campaign, The Quiet Revolution, which was designed in response to Covid, are positive. Our current working assumption is that this campaign will continue throughout Q1 2021, with the existing assets optimised as more results come in.

A new creative campaign was developed pre-Covid, which was not suitable to deploy in the 2020 Covid environment. We are in the process of developing this campaign further as there are strong reasons to believe it could be an even more effective long term driver of installations than The Quiet Revolution, as well as being a vehicle for other, varied rollout messages in the years ahead. The timing of the launch of any new campaign activity will be dependent on how the pandemic develops. If, for example, public health conditions and consumer willingness to have a smart meter installed both improve at some point in 2021, the campaign surge that would be needed to restart the rollout could be strongly met by the new creative campaign.

The new approach will enable the communications framework to be delivered in a multi-channel campaign.

Flexibility

All our campaign activity has got to be flexible in 2021, both to respond to our campaign insight but also to respond to the Covid-affected world.

With such a changeable environment for the rollout, it will continue to be key to have engaged and informed cross-industry consultation. Therefore, key consultation and information-sharing will continue with:

- Smart Energy GB Board
- PMF forum
- Marketing and communications committee
- RWG discussions
- SMDG discussions
- Smart Energy GB and supplier bilaterals

Key data and information sources will also be continued:

- Covid-19 & smart meters tracking, including 'willingness to have an installation' metric
- Smart Energy GB campaign tracking
- Supplier data on installation bookings and capacity
- Official Covid-19 cases etc. monitoring

Our integrated media plan has been designed with maximum flexibility in mind, both in terms of scaling up media to match installation capacity, but also being able to pause / delay / cancel activity. Ongoing risk management is built from three principles, all in ongoing conversation with industry via RWG and our marketing forums:

1) A Pre-flight checklist prior to commitments in media	2) Prioritising flexibility and limiting our liabilities in our buying approach	3) Preparing to adapt creative with call to actions (CTAs) suitable to future Covid disruption in supply
Government alert level	Channel What are we doing to limit our liability?	Option 1
Daily confirmed cases etc.	TV Approved at AB deadline but we have negotiated right to exceptional deferment of value into 2021 (with minimal penalty) in the event of lockdown that removes 'physical availability of our product' i.e. rollout stops	SOFTEN the CTA of the campaign consideration of 'Join the Quiet Revolution'. So no 'ask your energy supplier...'
Supplier installs and capacity trajectory remains flat or in growth	Digital Video (VOD) YouTube activity can be paused at any time at no cost. Broadcaster VOD activity approved in increments	Option 2
We have clear mitigation plan on how we might best pause, differ or cancel media buys	Print Print activity approved in increments	QUALIFY availability and encourage registering interest. 'Register for a smart meter with your energy supplier'. (would require universal consensus from suppliers under exploration).
We are able to release budget in sensible increments to balance buying efficiency with risk.	Radio Radio activity approved in increments	Option 3
	Social Social activity can be paused at any time at no cost	QUALIFY action when normality returns. 'Ask your energy supplier about future smart meter installations'.

4.2 Activity to drive consumer behaviour change around usage

In light of the expected change of objective in this area, we have reconsidered specific activity in 2021 to support and enhance the expected halo from the main campaign. Specifically, we will look to build on the evidence as to how the IHD is a catalyst to action and how much further it could be exploited to embed and extend customer actions. In looking to extend engagement with the smart meter data this would be an ideal first touchpoint to consider:

- Whether enhanced functionality through the IHD would boost energy management behaviours to lower the burden on customers to be an 'energy detective'. This is something that could be further explored as a cross industry project.
- Secondly, suppliers, with access to customer level energy usage data are best placed to provide relevant and timely behavioural nudges based on consumption patterns. Albeit with no feedback loops from IHDs to suppliers.

It will be complex to realise improvements to the hardware/software of the customer IHD experience, and we recognise that IHD data, and its impact on energy use in the home, are the domain of energy suppliers. Therefore the best value improvement from Smart Energy GB activity will be to support the customer in navigating that 'energy detective' process. Either at the point of installation or at a subsequent point of ownership.

Informed by that review, Smart Energy GB will deliver the following activity in 2021 to support the usage objective:

1. Creation of educational and inspirational leaflets for suppliers to include in installation packs, ideally co-branded with a well known and trusted organisation such as Citizens Advice / Energy Savings Trust / National Energy Action.
2. Educational and inspirational social media videos with targeted spend based on a combination of ownership levels, segments indicating lower usage levels and/or viewing behaviour indicating interest in energy management. These would also be hosted on Smart Energy GB's website, supported by pay-per-click (PPC) to reach people searching for related information.
3. Research indicates that CIVCs will need further support in behaviour change, however ownership remains below the GB average. Thus, specific behaviour change/usage partnership outreach activity is not recommended at this point.
 - However, in order to make assets accessible for CIVCs, for use not only by suppliers but also partners, these core assets will be translated into a range of alternative formats.
 - Additionally, all regional partners attend training where usage information will be included. This training, supported by the assets, will allow regional partners to cover usage, where appropriate with their clients.

Investment for 2021 is c.£500,000, with the expectation that the assets created in 2021 will continue to be deployed in subsequent years, albeit with updates to account for latest market innovations. Expected impressions in 2021 for the online videos would be c.105m impressions over a 12 month period.

4.3 Customers in Vulnerable Circumstances (CIVCs)

As articulated above, the strategy is to make sure CIVCs are not left behind. For 2021, this means targeting the sub-demographics of low income and offline audiences with supplementary activity. The strategic challenges identified above will need to also be addressed. So, taking all this into account, the approach is summarised.

- **Offline:** Partnerships will be the lead channel to target and engage the offline audience of over 6.3m. PR used to amplify and extend campaign messages.
- **Low income:** 81 per cent of low income are online (6.91m) so we'll run an innovative digital first strategy to target this audience and compliment with offline engagement delivered primarily through partnerships.
- **Prepay customers** (7m) targeted through the core domestic campaign.
- **Carers:** Extension of new approach; finding new routes in to multiple audiences through a multi-channel campaign targeting carers. Testing innovative use of digital.
- In addition: Hero PR campaign targeting the breadth of audiences. Activity to raise awareness of the **Accessible IHD** and **PSR**, and further explanation of the installation process by partners.

To deliver this, 2021 will see an increase in investment to engaging CIVCs. Investment in activity targeting CIVCs rises from £832k in 2019, to £2.1m in 2020 and £4.4m in 2021. We anticipate in future years increasing the proportion of total investment towards these audiences to ensure they don't fall behind the rollout.

More local 'In Communities' partnerships will be deployed. All partnerships activity focused on customers in vulnerable circumstances. Increased budget for CIVCs funded largely by shifting spend from national brand partnerships, which we are discontinuing in 2021.

£1.65m of media/production spend in 2021 will be allocated to prepay messages (up from £1.04m 2020). This will be double duty, delivering relevant messages to a sizeable audience of CIVCs as well as engaging wider domestic customers.

Innovative approaches in the use of paid digital will also be deployed. Using a test and learn approach to ensure efficiency and maximise engagement.

Increased leadership focus with these audiences is being embedded into our organisational and decision-making structures, especially through a new SLT member dedicated to CIVCs.

4.4 Local pilot and co-ordinated engagement activity

The local pilot

The Derby pilot, which was paused in 2020 due to Coronavirus, is due to take place in H1 2021. Smart Energy GB will play an active part in the local pilot working group as before, will deliver consumer engagement activity Derby-wide and in selected hyperlocal intervention areas, as per 2020, will also be responsible for the funding of the project manager and the evaluation of the pilot.

As per 2020, we have set aside a budget for the Derby pilot (£750k compared to £900k in 2020, based on learnings from 2020 projected spend levels.)

Based upon discussions with the working group, the activities included in the 2021 Derby pilot are envisaged to be extended compared to the 2020 scope in two areas, both of which Smart Energy GB are in the process of confirming remit and objectives with the Working Group:

1. There has been an expression of interest for including microbusiness activity in the 2021 Derby pilot. Targeted non-advertising based channels are expected to be utilised in order to be proportional to the size of the pool of potential customers to drive awareness amongst.
2. There has been an expression of interest for the partnership activity to be extended to include more enhanced reassurance activities to CIVCs who require more individual reassurance before committing to an installation. This activity is not expected to extend into a direct help scheme providing one-to-one 'at installation' support.

Co-ordinated consumer engagement activities

In 2021, Smart Energy GB is committed to supporting the industry in discussions as to how the rollout goals can be successfully delivered by 2025, and ensuring that Smart Energy GB's strategy is aligned to those end goals. The long term plan project being conducted in H2 2020 is part of this, however following that project we anticipate that there will be similar projects looking to inform the rollout and Smart Energy GB's strategy.

BEIS' consultation on Smart Energy GB's remit in 2021-25 proposes a new objective of:

"establish and maintain an administrative framework for facilitating the co-ordination of consumer engagement activities in respect of Smart Metering Systems that are carried on (or proposed to be carried on) by individual Energy Suppliers"

Smart Energy GB will fully assess the needs to deliver against this based on the published consultation response. In anticipation of the initiatives likely to be undertaken to meet this new objective, we feel it prudent to identify a budget of £300k.

4.5 Communications activity

The communications directorate will continue to deliver a proactive and reactive PR function, working with titles and journalists to run PR campaigns and best manage the news environment. We will continue to run proactive campaigns to drive engagement with smart meters and drive installations. This work will be co-ordinated with the launch of any new campaign during the year. The reactive news team will continue to run a 24/7 function, responding to queries as they come in. It will continue to work with suppliers and other stakeholders where a co-ordinated response is beneficial. The budget allocated to this in 2021 is lower than in 2020 due to reduced agency fees (the level of activity is expected to be broadly consistent year on year.)

Our wider corporate affairs work will continue in 2021; engagement with stakeholders and demonstrating thought leadership that ultimately support the uptake of smart meters. One particular project it will focus on is increasing installations amongst private renters. The primary objective of which is to achieve a policy intervention(s) removing the barriers to installation in the private rented sector and, alongside this, to increase the awareness amongst renters and landlords as to the right of the bill payer to have a smart meter installed, leading to an increase in uptake from renters should policy change not be delivered.

The communications directorate will continue to have responsibility for relationships with suppliers. Going into 2021, with consideration of the uncertainty it brings, this will be a key responsibility.

4.6 Staff costs and overheads

A priority for 2021 has been to minimise staff costs and overheads and thereby maximise investment in activity that can drive installations. We have identified savings in staff costs and other overhead costs to the extent that fixed operating costs budget in 2021 has been reduced by 9 per cent year-on-year.

Staff costs in the 2021 budget have been reduced by 5 per cent year on year. This follows a restructure in 2020 that removed costs and posts in the organization (the 2020 budget assumed 79 FTE across the organisation whereas, in the 2021 budget, the establishment has been reduced to 69 FTE.)

The budget for staff costs includes an allocation for an inflationary staff increase. Our pay policy has always been to remain competitive without being excessive and thereby demonstrating value for money. In determining the appropriate pay increase for the staff team each year we have commissioned an external consultant to provide indicators of what the increase could be to meet that policy. These indicators relate to inflation (1.6% for CPI) as well as what increases relevant sectors (2% for energy and 3% for media) are planning to introduce. Based on that work, we propose an inflationary increase of 1.8% (being half way between inflation and the lowest comparable sector). We expect that increase to be funded by a natural turnover amongst the staff team in 2021 (i.e. temporary vacancies.)

The 2021 budget includes savings across other support lines. This is mainly because we have assumed that office running costs, travel etc will be reduced as a result of Covid. Beyond that, we are currently reviewing options for savings on our London office costs but these are unlikely to materially take effect until 2022.

4.7 Microbusiness campaign

2020 had been envisaged as a key year to test deployment of a targeted microbusiness campaign, which would directly feed into 2021 planning. Due to the pause in the rollout due to the Covid-19 pandemic the Smart Energy GB microbusiness campaign deployment was pushed back into Q4 (at scale, a PR campaign was delivered in Q3 to support the restart of installations).

Smart Energy GB has been, and remains, committed to a test and learn approach. Whilst the activity plan as set out in this document represents our collective informed recommendation at this point, in early 2021 the plans will be further refined based on an assessment of the performance of the Q4 campaign, and so there may be some realignment of messaging or relative channels investments accordingly.

In determining this recommendation for 2021 activity, three underpinning principles have been developed and applied based upon supplier feedback, and the campaign development in 2020;

1. Be targeted in order to maximise opportunities to support the rollout
2. Be proportionate in investment to the scale of the task
3. Leverage the domestic campaign where relevant

The task and resulting microbusiness activity in 2021

The focus of Smart Energy GB activity will be on engaging premise-based microbusinesses. Home-based businesses will tend to have a domestic energy supply contract and hence be covered by the domestic rollout and campaign. Amongst premise-based microbusinesses awareness that they can benefit through smart meters remains notably lower than amongst domestic customers. Hence the primary goal of Smart Energy GB activity will be to raise this awareness, with a view that Seek/Accept will also increase, providing a pool of positively disposed customers for energy suppliers to make bookings with.

The recent supplier funnel exercise indicates an intention by suppliers to install in the region of 158,000 microbusiness. A formal funnel exercise was not conducted in 2019, however indications are that this would represent an increase on the original 2020 plans.

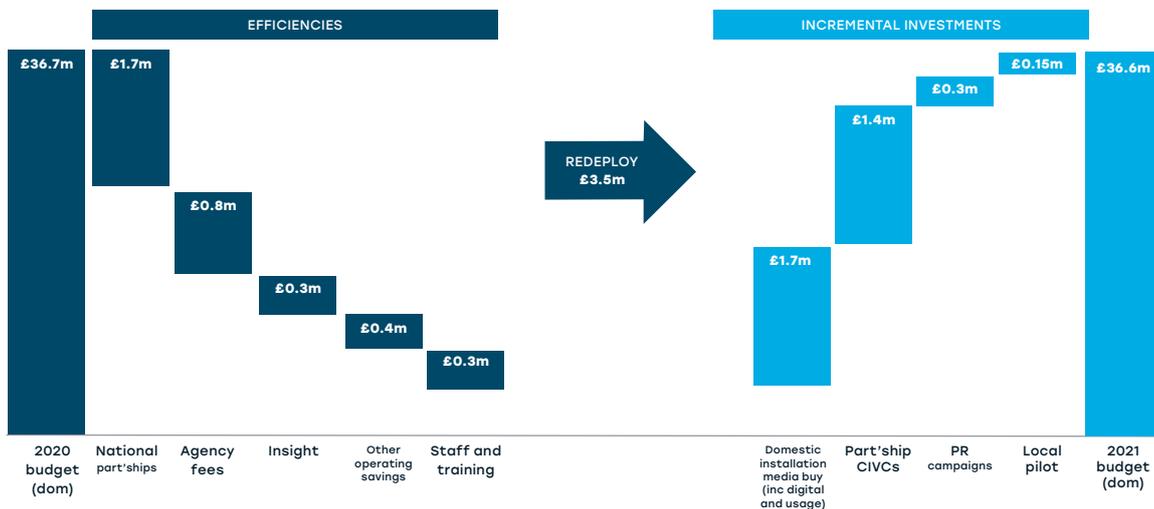
In order to support the rollout to progress in line with supplier installation ambitions, Smart Energy GB will deploy a multi-channel campaign targeted to premise-based microbusinesses, highlighting the availability and benefits of smart meters for them. This will involve campaign activity across trade press, radio, social media, PR, partnerships, digital, and public affairs. As mentioned above, the weighting between channels will be based on learnings from 2020 and other campaigns as to efficacy of channels at engaging the audience. As in 2020, it is envisaged that this activity will utilise a mix of targeted activity to speak to specific key microbusiness sectors, supported by broad cross microbusiness activity. The reach from mainstream media within this plan (trade press, radio and social media) will be 53% @ 5.3 frequency. The investment for this core activity is in line with the original 2020 budget.

The campaign framework will be aligned to the domestic campaign. Whilst research shows it is important to communicate with microbusinesses in their business setting and with business specific messaging, Smart Energy GB recognises that microbusiness customers will also engage with the domestic campaign as domestic customers. As in 2020, the microbusiness campaign and domestic campaigns will both be based on a consistent comms framework providing a joined up holistic campaigning environment.

5. Budget 2021

5.1 Domestic budget

A key goal for the 2021 budget has been to maximise the investment in activity that communicates directly to consumers and thereby drives installations. For 2021, we have reduced costs in a number of non-consumer facing areas such as agency spend, insight, staff costs, and general overheads. This has allowed us to increase the investment in putting messaging in front of consumers, chiefly media buy:



Budget efficiencies

- National partnerships (£1.7m):** Historically, we used national partnerships to address the rejector challenge. We believe this money is better used by investing in addressing Customers in vulnerable circumstances directly.
- Agency spend (£0.8m):** The main reduction is from moving from a retained PR agency model to a roster model. Also, there are lower external costs to support the press office following the team structure creating a broader internal resource. Creative agency fees are also reduced, though offset by an increase in media buying commission.
- Staff and training (£0.3m):** The reduction arises from a reduced headcount, lower training costs to match need. It includes an in year savings target arising from vacant posts.
- Insight (£0.3m):** The reduction arises from re-procuring our large trackers and consolidating them to one provider plus insourcing some activity.
- Other running costs (£0.4m):** From lower running costs arising from the lockdown (e.g. reduced office running costs and travel and subsistence) as well as reduced depreciation

Budget investments

- **Domestic media buy (£1.7m):** The goal is to maximise the number of installations both for 2021 and building up the long term effect into 2022 and beyond. Includes an increase of £0.5m to support the usage campaign
- **CIVC partnership activity (£1.4m):** An increase that targets Customers in vulnerable circumstances inc prepay campaign
- **PR campaigns (£0.3m):** PR activity drives seek/accept so this investment supports the core campaigns goal by maximising investment in consumer-facing campaigns
- **Local pilot and pan-supplier initiatives (£0.2m):** The local pilot costs have actually fallen by £150k. This is offset by budgeting additional investment of £300k for further project(s) that are required of us to deliver initiatives to support the objective to co-ordinate consumer engagement activities

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. The NAO has published details of its VfM model on its website.

The total 2021 domestic budget of £36.6m, broken down by the domestic capital budget of £29.4m and the domestic contribution to fixed operating costs of £7.2m.

The domestic budget is consistent with the indicative budget presented to the PMF forum when they reviewed and agreed the goals for 2021.

	Q1	Q2	Q3	Q4	BUDGET 2021	BUDGET 2020	VARIANCE £	VARIANCE %	NOTES
Creative development	750,000	750,000	750,000	750,000	3,000,000	3,000,000	-	0%	1
Domestic media buy including digital	6,998,997	3,525,562	4,959,258	3,541,643	19,025,460	17,358,999	1,666,461	10%	2
Marketing Partnerships	1,014,775	376,275	135,275	563,775	2,090,100	2,487,000	(396,900)	-16%	3
Marketing total	8,763,772	4,651,837	5,844,533	4,855,418	24,115,560	22,845,999	1,269,561	6%	
Public Affairs	49,750	56,750	26,500	43,000	176,000	191,000	(15,000)	-8%	4
Policy	21,500	33,500	1,500	3,500	60,000	66,000	(6,000)	-9%	5
PR	648,871	600,871	580,871	582,671	2,413,284	2,850,000	(436,716)	-15%	6
Communications total	720,121	691,121	608,871	629,171	2,649,284	3,107,000	(457,716)	-15%	
Insight	638,250	248,250	432,250	307,250	1,626,000	1,900,000	(274,000)	-14%	7
Strategy development and co-ordinated engagement trials (inc local pilot)	1,050,000	0	0	0	1,050,000	900,000	150,000	17%	8
Strategy and insight total	1,688,250	248,250	432,250	307,250	2,676,000	2,800,000	(124,000)	2%	
Capital costs total	11,172,143	5,591,208	6,885,654	5,791,839	29,440,844	28,752,999	687,845	2%	
Staff costs (inc NI and pension)	1,191,240	1,219,186	1,242,976	1,424,659	5,078,061	5,342,991	(264,931)	-5%	9
Training & development	39,474	50,477	36,477	39,479	165,907	283,008	(117,101)	-41%	10
Premises & office running costs	593,585	500,738	290,786	(19,112)	1,365,997	1,496,967	(130,970)	-9%	11

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	Q1	Q2	Q3	Q4	BUDGET 2021	BUDGET 2020	VARIANCE £	VARIANCE %	NOTES
Travel and subsistence	19,950	19,950	19,950	46,950	106,800	184,796	(77,996)	-42%	12
ICT	225,698	60,955	42,596	25,347	354,596	354,862	(266)	0%	13
Other finance costs	107,990	142,274	72,635	84,069	406,968	555,378	(148,410)	-27%	14
Microbusiness allocation	(105,570)	(119,850)	(23,970)	(30,090)	(279,480)	(306,000)	26,520	-9%	15
Fixed operating costs total	2,072,367	1,873,730	1,681,450	1,571,301	7,198,848	7,912,002	(713,154)	-9%	
Smart Energy GB Total	13,244,509	7,464,938	8,567,104	7,363,140	36,639,691	36,665,000	(25,309)	0%	

Notes to the domestic budget:

Capital costs

1. **Creative development:** this includes the creative agency fees and production costs. The budget has been kept in line with the previous year's budget.
2. **Domestic media buy inc digital:** includes all costs and associated agency fees and commissions of planning and buying media space in paid and owned media channels. The increase is due to a reallocation of costs to maximise installations in 2021.
3. **Marketing Partnerships:** costs include funds passed directly to partner organisations (such as charities, community groups and brands) required for the planning, development and production of marketing partnerships. Please note, beyond the efficiencies in national partnerships and investment in CIVCs noted above, there has also been an increase in allocation from the partnership budget to the prepay campaign (within the media buy line).
4. **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.
5. **Policy:** includes all costs relating to thought leadership work, including the generation of policy evidence and research, and subsequent events.
6. **PR:** includes all costs relating to reactive news management and responsiveness, including agency support, media monitoring tools, and subscriptions as well as costs associated with deploying proactive consumer PR campaigns which includes agency support and fees, talent and advocate costs, research for proactive PR purposes, copywriting and illustrations, photography and AV/audio asset production. The reduction is a reduction in agency fees as we move to a roster basis.
7. **Insight:** 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. The reduction is due in part to insourcing some responsibilities and in part due to consolidating our trackers into one tracker at lower cost.

8. **Strategy development and co-ordinated engagement trials:** the costs to deliver the local pilot in Derby plus an allocation to support co-ordinated consumer engagement trials.

Fixed operating costs

9. **Staff costs:** includes all direct and indirect staff costs including salaries, national insurance, pension contributions, recruitment and some indirect staff benefits. There is a reduction in establishment headcount from 79 to 69 between the two budgets following efficiencies, closing open posts, and a restructure in 2020.
10. **Training and development:** including the full training and development costs for the organisation including one-to-one training, group training and internal planning meetings.
11. **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. We are assuming that running costs are lower as COVID continues to disrupt working practices in 2021.
12. **Travel and subsistence:** 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. Again, we expect less travel due to COVID disruption in 2021.
13. **ICT:** includes the IT support costs, infrastructure costs, licences (for software, storage and security) and network costs.
14. **Other finance costs:** includes the costs our external audit fees and our outsourced bookkeeping fees, insurance and legal costs, tax, and a provision for bad debt. The reduction is due to a reduction in the depreciation charge as capital items have become fully depreciated.
15. **Microbusiness allocation:** this is an allocation to support the microbusiness campaign with overheads recharged in direct proportion to capital costs.

5.2 Non-domestic budget

The total 2021 non-domestic budget of £1.65m is broken down by the capital budget of £1.37m and the non-domestic suppliers' contribution to the fixed operating budget of £0.28m.

Non-domestic budget	Q1	Q2	Q3	Q4	BUDGET 2021	BUDGET 2020	VARIANCE	VARIANCE %
Creative development	150,000	0	0	0	150,000	130,000	20,000	15%
Media buy	0	460,000	0	0	460,000	400,000	60,000	15%
Digital	110,000	0	0	0	110,000	170,000	(60,000)	-35%
Marketing Partnerships	30,000	80,000	0	110,000	220,000	250,000	(30,000)	-12%
Marketing sub-total	290,000	540,000	0	110,000	940,000	950,000	(10,000)	-1%
Public Affairs	5,000	10,000	5,000	5,000	25,000	40,000	(15,000)	-38%
PR	162,500	12,500	112,500	12,500	300,000	300,000	0	0%
Communications sub-total	167,500	22,500	117,500	17,500	325,000	340,000	(15,000)	-4%
Insight	60,000	25,000	0	20,000	105,000	70,000	35,000	50%
Strategy and Insight sub-total	60,000	25,000	0	20,000	105,000	70,000	35,000	50%
Capital costs total	517,500	587,500	117,500	147,500	1,370,000	1,360,000	10,000	0
Finance and ops reallocation*	105,570	119,850	23,970	30,090	279,480	306,000	(26,520)	-9%
Fixed operating costs total	105,570	119,850	23,970	30,090	279,480	306,000	(26,520)	(0)
Total	623,070	707,350	141,470	177,590	1,649,480	1,666,000	(16,520)	(0)

*As in 2020, the allocation of overheads above used the ratio between capital costs and fixed operating costs in the domestic campaign.



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