



The Business Case

Digital Services Project

Modernising digital infrastructure through the delivery of an integrated platform, which enhances user experience, scalability, and meets future market needs



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Executive Summary

Background

The **Digital Services** project forms a critical component of Retail Energy Code Company's (RECCo) 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.

Following a review of the performance of the Code Manager service, it was identified that the existing digital solutions that underpin Code Manager operations are not delivering the required value or experience to users, with significant limitations identified in terms of user experience, scalability, flexibility, and alignment with future market requirements.

RECCo is committed to modernising its digital infrastructure to better serve industry participants, enable regulatory obligations to be met, enhance consumer outcomes, and increase the efficiency and effectiveness of the Code Manager service.

As the REC continues to evolve in response to market developments – such as open data, digitalisation, the growth of low-carbon energy solutions, and the UK's transition to Net Zero – it is essential that RECCo invests in a future-proof digital ecosystem.

Following REC Board approval, the procurement of the Digital Services was initiated in July 2024. This project aims to complete the procurement and take forward the replacement of the existing disparate digital solutions, with an integrated platform that offers improved functionality, resilience, and user satisfaction.

High-Level Objectives

The primary objective of the Digital Services project is to design, procure, and implement a new integrated digital ecosystem that will replace the current digital solutions and deliver a modern, scalable platform capable of supporting future growth and innovation in the energy market. The project will aim to:

- **Enhance User Experience:** Provide stakeholders with an intuitive, efficient, and user-friendly interface.
- **Streamline Operations:** Improve operational efficiency by reducing process duplication and automating manual tasks.
- **Future-Proof Digital Infrastructure:** Ensure scalability and flexibility to accommodate evolving market requirements and innovations. Furthermore, the modular architecture of the new digital ecosystem will facilitate the seamless integration or replacement of individual solution components, reducing dependency on any single provider. This flexibility will empower RECCo to adapt Digital Services in response to future market changes or advancements in technology without requiring a wholesale system overhaul.

- **Align with Environmental Sustainability Goals:** Contribute to the energy industry's transition to Net Zero by leveraging energy-efficient technologies and solutions.

High-Level Outcomes

- **Improved Digital Service Delivery:** A streamlined, cohesive digital ecosystem that enables better service delivery to REC Parties, REC Service Users, stakeholders, and consumers.
- **Increased Stakeholder Satisfaction:** Enhanced user experience, leading to higher satisfaction across all stakeholder groups.
- **Greater Market Efficiency:** More efficient processes, contributing to the efficient functioning of the retail energy market.
- **Future-Proofed Platform:** A digital ecosystem that supports future market changes, new services, and innovations.

Recommendation

Proceed with the procurement of a single Digital Services Provider to design, implement, and support the integrated digital ecosystem. This approach will reduce complexity, enhance service delivery, and align with RECCo's long-term strategic goals. The modular approach embedded within the new ecosystem's design will further ensure that future transitions between Service Providers or the introduction of new technology components can be executed with reduced risk and operational impact, fostering a competitive environment and ensuring continued value for money.

A budget allocation of £3,128,900 was requested for the 2025/26 financial year to enable the mobilisation of the project and completion of the discovery, development, and testing. Future financial years will require additional budget allocations for soft launch and full deployment. This is currently forecast at £1,305,900 for financial year 2026/27.

The current budget request assumes a permanent Product Owner will be recruited. If this is not the case, a contract role will be required, resulting in an additional project budget of £152,000 in 2025/26 and £114,000 in 2026/27.

This budget request is subject to the successful completion of the Digital Services procurement, which is currently in progress.

Description

Benefits & Outcomes

Strategic Benefits

- **Market Leadership:** RECCo's investment in its digital ecosystem will deliver a better system and experience for industry users and position RECCo as a leader in code management innovation. The ability to scale and adapt the platform to emerging market needs, such as energy flexibility and data-driven regulation, will ensure that RECCo remains at the forefront of the retail energy sector.
- **Compliance & Governance:** As regulatory requirements, particularly around data security, consumer protection, and market competition evolve, the new digital platform will enable compliance with all relevant legislation and reduce the risk of breaches or penalties.

Operational Benefits

- **More Intuitive User Interfaces:** The current digital platforms, while functional, do not meet the evolving needs of users or offer the most efficient user experience. The new Digital Services will provide a more streamlined, intuitive interface that simplifies navigation and increases productivity for users.
- **Automation & Efficiency:** The integration of advanced data analytics, the use of an API gateway, and an increase in automated workflows will reduce manual processes, increasing operational efficiency. This will result in a more efficient service delivery. Additionally, the adoption of open standards and modularity in system design will allow the independent evolution of different service components, providing RECCo with the flexibility to swap Service Providers or specific technological elements with minimal disruption to ongoing operations.

Consumer Benefits

- **Improved Access & Transparency:** The new system will enhance access to information, and greater flexibility and scalability will support the evolving interaction between market participants and the retail energy market to facilitate competition and empower consumers to make informed choices.
- **Consumer Protection:** Enhanced security features will ensure that sensitive consumer data is protected, mitigating risks of data breaches and fostering trust in the Digital Services provided by RECCo

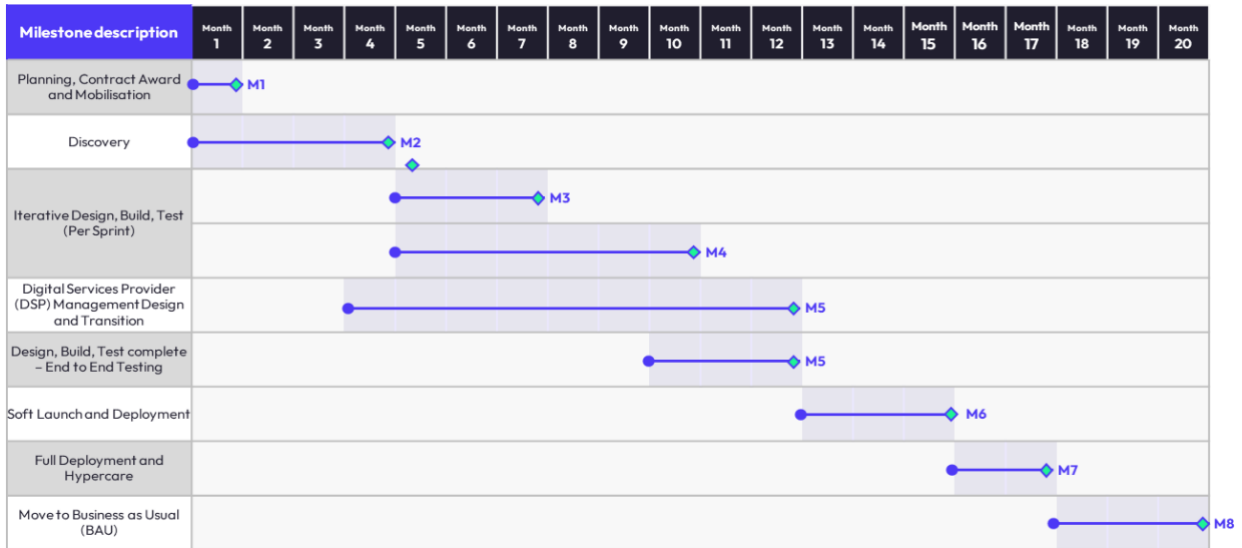
Sustainability Benefits

- **Energy Efficiency:** The new platform will leverage modern cloud-based solutions and energy-efficient data centres, aligning with RECCO's commitment to sustainability. This will contribute to reducing the carbon footprint of RECCO's digital operations and support the broader energy industry's transition to Net Zero.
- **Long-term Flexibility:** By designing the system with future market needs in mind, RECCO will avoid costly upgrades or replacements in the near term, ensuring that the platform can evolve alongside industry changes.

Key Success Criteria

- Successful design, build, and deployment of the integrated digital ecosystem 2026/27, based on the current plan.
- Positive feedback from stakeholders and end-users, indicating improvements in usability, functionality, and performance.
- Compliance with regulatory requirements and security standards.
- Demonstrated operational efficiencies and reduced manual interventions.

Deliverables & Outputs



Planning, Contract Award & Mobilisation

- Finalisation of the procurement process and selection of a Digital Services Provider.
- Formal contract award to the chosen provider.
- Establishment of project governance structures, including the formation of project teams, roles, and responsibilities.
- Kick-off meeting with the Digital Services Provider to outline project scope, objectives, and expectations.
- Development and finalisation of the detailed project plan, timelines, and risk management strategies.

Discovery

- Detailed stakeholder engagement and user research to develop comprehensive requirements for the new digital ecosystem.
- Workshops and consultations with key stakeholders, including REC Parties and Service Users, to validate user needs and business objectives.
- Creation of design prototypes and storyboards for core components, including the REC Portal, digital code navigation, and other user-facing elements.
- Stakeholder feedback and approval of the design prototypes to ensure alignment with user experience goals.
- Documentation, agreement, and RECCo formal approval of the finalised solution selection; the system requirements and specifications, including functionality, scalability, and integration requirements.

Iterative Design, Build & Testing

- Development of the integrated digital ecosystem, incorporating elements such as the DXP Portal, Digital REC, Data Analytics, and User Authentication services.
- Iterative design and development sprints, allowing for continuous feedback from stakeholders and users.
- Regular review sessions with stakeholders to present design updates, functionality, and progress against the initial storyboards.
- Completion of functional, security, and performance testing, ensuring that all solutions meet the defined requirements and standards.
- User Acceptance Testing (UAT) to validate the user experience and ensure the system functions as intended across different user personas.
- Execution of the data migration strategy and completion of any data migration from the existing providers' systems to the new integrated ecosystem.

Soft Launch & Deployment

- Initial deployment of the new Digital Services to a selected group of trusted stakeholders for real-world testing and feedback.
- Collection of feedback from the soft launch users, focused on identifying any usability issues, technical challenges, or gaps in functionality.
- Enhancement sprints to address user feedback and implement necessary improvements before the full system rollout.
- Final validation of the system's readiness for full deployment, including data migration and cutover processes.
- Comprehensive user training and onboarding materials delivered.

Full Deployment & Hypercare

- Full deployment of the new integrated digital ecosystem to all users, ensuring smooth operation across the entire REC landscape.
- Ongoing monitoring and support during the initial post-launch period with dedicated resources in place to quickly address any issues or defects.
- Formal transition from project phase to business-as-usual operations, with the new Digital Services becoming fully integrated into the daily activities of REC Code Manager Service Providers.

Hypercare Exit & Transition to Enduring Operation

- Continued monitoring and addressing any remaining issues during the hyper-care phase.
- Full knowledge transfer to the internal support teams, ensuring long-term stability and operational readiness.
- Development and implementation of continuous improvement processes for the digital ecosystem, supporting ongoing user feedback and system enhancements.
- Official handover of the system of the Digital Services Provider to RECCO's operational teams.

Transition from the Current Digital Solutions

- Formal amendments to the contracts of the existing Code Manager Service Providers, removing any digital solution delivery responsibilities.
- Development of transition agreements, detailing the phased withdrawal of Digital Services currently provided by these service providers.
- The full transition of all digital solution delivery to the new Digital Services Provider will trigger the removal of the use of digital systems and infrastructure currently provided by the existing Code Manager Service Providers.
- Coordinated decommissioning of legacy digital solutions to ensure no overlap or conflicts during the handover to the new system.
- Completion of any outstanding data migration from the existing providers' systems to the new integrated ecosystem, ensuring agreed historical and operational data is transferred securely and accurately.

Objectives

- Deliver a robust, scalable, and future-proof digital infrastructure to replace the existing services provided by the Code Manager Service Providers, ensuring that it can accommodate future regulatory changes and market growth.
- Enhance user experience for all stakeholders, including REC Parties, Code Manager Service Providers, and consumers, by providing a more intuitive, efficient digital platform.
- Support the UK's transition to a low-carbon economy by implementing energy-efficient digital infrastructure and reducing the environmental impact of RECCo's operations.
- Improve operational efficiency through automation and integration, and reducing manual processes.
- Ensure compliance with data protection, security, and regulatory requirements, safeguarding consumer data and protecting RECCo's reputation.

Options

Option One: Extend Current Contracts

The current digital solutions are delivered and managed by the current Code Manager Service Providers, as part of their wider service delivery contracts. Extending the current contracts would delay the implementation of a more modern and efficient digital platform. While this option avoids short-term costs, it presents significant risks:

- **Operational Risk:** The current systems are not designed to meet future demands and could become increasingly inefficient and costly to maintain.
- **Compliance Risk:** The evolving regulatory landscape may outpace the capabilities of the existing systems, increasing the likelihood of non-compliance or an increase cost for maintaining compliance.
- **Strategic Risk:** Postponing investment in digital infrastructure could hinder RECCO's ability to meet its long-term strategic objectives in servicing industry and consumers' needs.

Option Two: Procurement of a New Integrated Digital Ecosystem (Recommended Option)

This option aligns with RECCO's strategy to invest in a scalable, flexible, and future-proof digital platform that can support its evolving role within the retail energy market. The benefits of this option include:

- **Future-Proof Design:** The new platform will be designed to adapt to future changes, supporting market evolution and regulatory compliance.
- **Operational Efficiency:** By automating processes and reducing manual intervention, RECCO has more opportunities to realise long-term cost savings and improved service delivery.
- **Improved User Experience:** The system will provide a more intuitive interface, improving usability for Code Manager Service Providers, REC Parties, REC Service Users, and consumers.
- **Sustainability:** The platform will align with RECCO's commitment to sustainability and reducing carbon emissions.

As part of exploring this option, we conducted thorough market testing to assess the feasibility of splitting the procurement into separate lots, with multiple providers delivering different elements of the Digital Services, such as the REC portal, data analytics, and service management. However, based on feedback from the market, and our dedicated Stakeholder Advisory Group, it became clear that such an approach would introduce significant complexities in terms of integration, accountability, and ongoing management.

The results of the market testing demonstrated that a more cohesive approach, with a single Digital Service provider overseeing the entire integrated ecosystem, would deliver greater benefits. This approach would allow for more streamlined processes, reduced handovers between providers, and improved coordination, which are critical to achieving the project's objectives.

Value for Money

The investment in a new integrated digital ecosystem represents good value for money by ensuring that RECCo is positioned to support the evolving needs of the retail energy market. While the initial costs are significant, the long-term operational efficiencies, reduced reliance on legacy systems, and improved user experiences will deliver significant returns over the system's lifecycle.

The project will be structured to minimise risk through phased deployment. Additionally, the system's scalability will provide a strong foundation for future growth without requiring costly upgrades or overhauls.

Stakeholder Engagement

Obtaining stakeholder feedback on the current digital solutions and services has been a primary focus of the Digital Services project from the outset. The feedback gathered through various channels has been instrumental in shaping the direction and objectives of the project. Our approach to stakeholder engagement has been multifaceted, incorporating insights from a range of activities.

- **Industry Engagement Events:** In June and July 2023, we held three dedicated events with REC Parties and Service Users. These sessions provided a platform for stakeholders to openly share their experiences, challenges, and expectations regarding the current Code Manager Service and the Digital Services. These events were recently repeated in October 2024.
- **Annual Surveys:** Over the past two years, the results from RECCo's Annual Surveys have provided critical data on stakeholder satisfaction, highlighting recurring pain points and areas for improvement in digital solutions.
- **Bilateral Meetings:** Ongoing bilateral meetings between RECCo and various Service Users have offered deeper, more tailored feedback, allowing us to explore specific issues and ideas for improvement in greater detail.
- **Service Desk & Operational Account Manager (OAM) Feedback:** We have systematically analysed feedback submitted through OAMs and the REC Service Desk. These channels have provided real-time insights into the operational challenges faced by users, helping us pinpoint the root causes of dissatisfaction.
- **User Experience (UX) Project:** More recently, the UX Project focused specifically on short-term, quick-win improvements to the REC Portal and Digital Navigator. This initiative has been key in understanding how users interact with these digital tools, revealing both technical and usability challenges.

To ensure ongoing engagement and a more structured feedback process, we established a Stakeholder Advisory Group (SAG). This group is composed of key service users and industry stakeholders, each bringing valuable perspectives and expertise to the project. The SAG serves as an advisory body, providing guidance and constructive feedback to the project team as it navigates through the various phases of the Digital Services project.

Since its inception, the SAG has offered critical insights into both the technical and strategic aspects of the project.

In addition to feedback gathered through other mechanisms, the SAG is a central part of our engagement strategy, offering perspectives based on the experiences and expertise of its members. The group has been engaged to date and will continue to be engaged at key stages of the project, focusing on specific topics to help shape decisions and guide the evolution of Digital Services.

The depth and breadth of feedback received through these various channels has been pivotal in helping us identify pain points within the current Digital Services and understand the root causes of dissatisfaction.

One of the key outcomes from the analysis and exploration of options to evolve the overall Code Manager service has been the recognition that separating the delivery of digital solutions from the core Code Manager services will enable us to enhance both areas more effectively.

By restructuring our service packages in this way, we can better align the digital solutions with the evolving needs of our users, improving overall user experience and engagement with the Code Manager. This decision to separate the digital solutions was informed by the feedback gathered through our extensive stakeholder engagement, ensuring that the future of RECCo's digital solutions is shaped by the people who rely on them.

As the Digital Services project is taken forward, a User Group will be established, made up of Service Users, REC Parties, and market participants. The User Group will help guide the design, development, and testing of the new digital solutions.

Getting user input early and then consistently throughout the design, development, and implementation is critical to the project being a success.

Expenditure Plan

To ensure we protect the integrity of the current competitive procurement process, we have summarised the programme cost into a single value for each year in this published Business Case.

In support of this aggregate value, we have a detailed resource plan for the project team’s needs, and by utilising market engagement information developed in 2024, we have an estimate of the likely system and service development cost.

Should a REC Party require a further breakdown of the costs, we are happy to share further information to the extent we can, on a confidential basis, without compromising the integrity of our ongoing competitive procurement.

2025-2028 Projects	2025/26 Budget: £'000	2026/27 Projection : £'000	2027/28 Projection
Digital Services			
Programme and Implementation Costs	3,218	1,306	-

The proposed implementation costs for the Digital Services implementation represent an estimate prior to the completion of the procurement process. The budget for each financial year is estimated based on proposed payment milestones linked the current implementation plan. The plan, and the associated payment milestones, may be subject to change during the dialogue and Best and Final Offer (BAFO) process of the procurement, which may impact the year some expenses are incurred. Therefore, the implementation budget should be considered an overall budget at this stage.

In addition to the above project costs, it is also proposed that a new Product Owner be recruited as a permanent RECCO employee (see Resources, Roles & Responsibilities—page 17). As a permanent RECCo employee, this would be funded from the staff budget but is required to support this project and the ongoing operation of the new service.

#	Assumption	Status
001	Legal support will be required to revise the contract following completion of the Discovery Phase and for changes to remove delivery of the digital solution from current Code Manager Service Provider (CMSP) contracts.	Open
002	CMSPs will have resources available throughout the project lifecycle, including mobilisation, implementation, and hyper-care phases.	Open
003	The level of engagement required from CMSPs will vary throughout the project, with higher involvement anticipated during the Implementation, Transition, and Cutover Phases.	Open
004	CMSPs will support both technical aspects (system transitions) and operational aspects (CMSP and industry transitions to the new solutions) during the Implementation and hyper-care periods.	Open
005	CMSP resources have been costed at blended rates to reflect the different types of input required from the CMSPs for the different activity.	Open
006	Staffing costs for the permanent Product Owner role will be funded through the BAU operational budget as a permanent staff role.	Open
007	The Digital Service Provider contract will be in place from June 2026, with mobilisation costs being incurred from that point in time.	Open
008	Mobilisation and implementation will be completed within 18 months, followed by a 3-month hyper-care period.	Open

Risk Analysis

Risk Description	Raw Risk	Mitigation	Residual Risk
RECCo does not have the capacity to manage additional Service Providers.	High	<ul style="list-style-type: none"> Impact assessment of operational impacts to be completed. Recruitment of permanent Product Owner role. RECCo will be sufficiently resourced to manage the contracts effectively. 	Medium
Interfaces, interactions, and collaboration between the Service Providers are not effective.	High	<ul style="list-style-type: none"> Mitigate through clear requirements and accountabilities, including the interfaces between providers. Ensure there are the right levers built into the contracts to drive the right interactions and collaboration. Clearly define and communicate RECCo's role in managing, making decisions regarding and resolving interaction/collaboration issues with providers. 	Low
Proposals from the bidders are significantly higher than expected and the budgeted amount.	High	<ul style="list-style-type: none"> If this risk materialises, maintain transparency in communication with industry parties about the budget challenges. Clearly articulating the reasons behind the cost increases and any steps being taken to address the situation. Utilising the industry focus group as a key channel for engagement and understanding industry views. Explore cost-saving measures or adjustments to the scope of and/or requirements for the service while maintaining the essential 'must have' components. 	Medium
Bidders may factor in additional costs for contingency.	High	<ul style="list-style-type: none"> Bidders are asked to include a breakdown of all costs in the pricing model to increase the chance of identifying any inflated costs. 	Medium

		<ul style="list-style-type: none"> During Dialogue and BAFO Phases, the breakdown of costs will be explored where clarifications and amendments can be made to provide greater certainty to bidders. 	
Industry do not have confidence that RECCo can implement an effective and efficient revised service, resulting in impact to RECCo's reputation and the level of trust industry has in RECCo.	High	<ul style="list-style-type: none"> Continue engagement with the SAG to understand industry expectations and concerns. Provide clear and transparent communications about the project, the approach, and progress. Adapt communications based on stakeholder feedback, to ensure this instils confidence in stakeholders. 	Low

Risk Score Key

- High:** Pre-mitigation score of >16 using the RECCo Risk Scoring Methodology or a post-mitigation score higher than the Risk Appetite Score for the Risk Category to which the risk relates.
- Medium:** Post-mitigation score that equals the Risk Appetite Score for the Risk Category to which the risk relates.
- Low:** Post-mitigation score below the Risk Appetite Score for the Risk Category to which the risk relates.

Implementation Plan

Timeline

The proposed timeline is subject to the successful completion of the procurement for the Digital Services Provider, with the contract awarded by June 2025.

The specific activity and timeline will be agreed upon with the Digital Services Provider during mobilisation.

Resources, Roles & Responsibilities

In reviewing the requirements and demands of the project, it has been determined that the following roles will be required, in addition to the use of internal resources.

- Business Analyst: Fixed-term contractor
- Quality Assurance Manager: Fixed-term contractor
- Product Owner: Permanent role

Product Owner: Permanent Role Requirement

The Product Owner (PO) role is vital to both the successful delivery of the project and the long-term management of RECCo's digital ecosystem. Initially, the PO will lead the alignment of RECCo's business priorities with the development of the digital ecosystem, ensuring that the new solutions reflect stakeholder needs and strategic objectives. Beyond implementation, this role will transition into a BAU position, providing sustained oversight, strategic direction, and ongoing enhancements to keep the digital ecosystem effective and aligned with future requirements.

While a project-specific, temporary PO role was initially considered, this approach was discounted. It became clear that a permanent role would provide several strategic advantages. First, a permanent PO ensures continuity of expertise from project delivery through ongoing BAU operations, allowing RECCo to avoid the disruption and knowledge loss often associated with the transition from project to operational phases. This continuity is essential to embedding the Digital Services fully into RECCo's operations and fostering an adaptable product roadmap that evolves in line with regulatory changes and user needs.

Additionally, the PO role requires specialised capabilities that span strategic product management, aspects of agile delivery, and ongoing stakeholder engagement – skills that are not fully met by existing roles within RECCo. These skills are necessary not only for delivering the project but also for maintaining product value over time. The decision to establish a permanent PO role reflects RECCo's commitment to ensuring that the digital ecosystem remains responsive, user-centred, and aligned with RECCo's long-term strategic direction well beyond the immediate project lifecycle. The procurement short-listed service providers have identified this as a critical role within RECCo for the successful delivery of the project and ongoing operation.

It is proposed that this role be recruited and onboarded ahead of the commencement of the Mobilisation Phase to ensure it is embedded in the design and delivery of the services from the onset of the programme. This will be a senior-level role (Manager / Head of Banding), requiring a high-calibre and experienced person to meet this requirement.

Conclusion

Decision Summary

Approval is sought for the proposed project budget for 2025/26 and the 2026/27 forecast, with future budget requirements signposted. This investment will modernise digital infrastructure, improve stakeholder satisfaction, establish a foundation for future growth, and recruit the additional Product Owner role as a permanent resource.

Final Recommendation

Recommend proceeding with the mobilisation and implementation of a new integrated digital ecosystem via a single Digital Services Provider, subject to the successful completion of the current procurement and the recruitment of a Product Owner as a permanent RECCo employee. This aligns with RECCo's objectives of enhancing service delivery, promoting innovation, and supporting market efficiency.

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