Case study

SSE

Building a World-Class Procurement Function for SSE's £2bn Smart Metering Programme

Sector: Energy. Contract period: October'16 – June'17

SSE's £2 billion Smart Metering Programme was one of the most complex and high-profile initiatives in the UK energy sector. With significant regulatory pressures and a critical skills gap, SSE turned to Barkers to design, deliver and embed a robust procurement function at pace.

Summary

SSE required a fully operational procurement function to support the delivery of its £2 billion Smart Metering Programme. After unsuccessful attempts to build this capability internally, they sought external expertise to design and implement a solution that could meet demanding regulatory, commercial and operational requirements.

Barkers developed a comprehensive procurement strategy covering smart meter expenditure and associated contracts, put the required system integration agreements in place, and recruited a permanent, high-performing procurement team. We also ensured a smooth transition of the service back to SSE within the agreed timeframe, enabling the programme to continue with confidence, compliance and long-term capability.

Business Challenge

SSE called upon Barkers to support their £2 billion Smart Metering Programme after being unable to recruit the required procurement team internally. The scale and complexity of the programme presented a significant challenge, involving large financial investment, strict regulatory obligations and coordination across multiple business functions.

The successful instigation of the programme required a deep understanding of SSE's organisational structure, key stakeholders, regulatory environment and commercial objectives. In addition, the procurement approach needed to address the implications of smart metering across finance, legal, asset management, technology and customer operations, while ensuring full compliance with industry regulation and procurement legislation.

Our solution

To address this challenge, Barkers first developed a detailed understanding of the programme's complexities by identifying and engaging with all key stakeholders. This included perspectives from finance, regulatory, legal, asset management and technology teams to ensure a fully aligned and informed approach.

Our Programme Lead was appointed to the Programme Board and represented SSE's Chief Procurement Officer on all procurement-related matters. This ensured Barkers were embedded within the programme, enabling real-time input into strategic decisions and immediate mitigation of emerging risks.
Following extensive discussions, we agreed three key objectives:

1. Develop a procurement strategy for £1.2 billion of smart meter expenditure and associated installation and maintenance contracts.
2. Put the required system integration contracts in place to support over £400 million of IT system changes.
3. Recruit a permanent procurement team and transition the service back to SSE.

We worked closely with SSE's legal team to draft and negotiate bespoke contractual terms with metering providers. These terms included robust provisions addressing time, cost and quality performance to ensure SSE could meet its regulatory obligations. The resulting contracts shared regulatory risk with the supply chain and were fully compliant with UCR 2016.

In parallel, Barkers recruited high-calibre procurement professionals who were committed to delivering the programme successfully in line with SSE's 2020 regulatory targets.

The results

Barkers successfully delivered a fully operational procurement function that met SSE's strategic, regulatory and operational requirements. This achievement created a solid foundation for ongoing programme delivery and ensured that both SSE and its suppliers were aligned on risk, compliance and performance expectations. Key outcomes of our work include:

- The Smart Metering procurement function was successfully established, with strong, compliant contracts in place that shared risk appropriately between SSE and its suppliers.
- All suppliers were signed up to comparable terms, creating a balanced and consistent approach to risk, alongside an innovative funding model developed in collaboration with equity finance partners. All contracting approaches were delivered in line with UCR 2016 procurement regulations.
- Within just nine months, Barkers transitioned the programme to the permanent internal team we had recruited. This team continues to conclude the programme in line with SSE's 2020 regulatory target, supported by retained advisory input from Barkers.