

Change Management – The Price Of Getting It Wrong

UK Energy And Utilities Edition — Why The Delivery Model Is A Change Decision, Not A Logistics Detail

A Charterhouse Consultants white paper by Bridget Convey, September 2025.

Executive Summary

This paper makes one claim, applied to UK energy and utilities specifically. The single decision of who is responsible for delivering a national change programme is itself a change management decision, and getting it wrong can undo years of good technical planning. The UK's smart meter rollout, intended to put a smart meter in every household by 2020, chose to make energy suppliers responsible for installation rather than the regional network companies that already had the infrastructure and local knowledge to deliver it efficiently. The result: a programme originally budgeted at £11 billion now expected to cost over £13.5 billion, originally due for completion in 2020 and still incomplete years later, with the National Audit Office finding almost three million installed smart meters not working properly and more than a thousand installers having quit the sector since 2020 alone.

The Premise: The Gap Is The Danger, Not The Technology Itself

Smart meter technology itself is not the problem. Other European countries, including France and Spain, rolled out comparable technology successfully using a network-led delivery model, in which the companies responsible for the physical electricity and gas infrastructure handled installation directly, clustering work geographically for efficiency in the same way the UK's own transition from analogue to digital television was handled as a technical upgrade. Great Britain instead chose a supplier-led model, giving the job to energy retail companies whose core business is billing and customer service, not infrastructure installation, and whose customers were scattered across the country with no natural geographic clustering. Industry analysis is blunt about the consequence: this proved inefficient and costly, precisely because suppliers faced the logistical challenge of servicing customers scattered nationally, a problem the alternative model was specifically designed to avoid.

This is the mechanism this paper is built on. The choice of delivery model is not a background logistics decision made after the real strategy is set. It is the change management decision that determines whether every subsequent decision, cost, and outcome compounds efficiently or inefficiently. Once the supplier-led model was chosen, every structural inefficiency that followed, dispersed installation routes, inconsistent customer engagement, duplicated administrative overhead across dozens of competing suppliers, was effectively locked in, regardless of how well any individual supplier executed its own piece of the programme.

What The Wrong Delivery Model Actually Cost

The financial trajectory of the rollout tells its own story. The programme's budget rose from an original £11 billion in 2016 to more than £13.5 billion by recent estimates, even as the completion deadline slipped from 2020 to 2024 and, on the most recent reporting, remains unmet with only around 63 percent of eligible homes having a smart meter installed. Of those installed, roughly a tenth are still operating in dumb mode, providing none of the intended smart functionality, meaning the genuine benefit of the programme remains out of reach for close to half of all domestic properties despite the scale of investment already committed.

The National Audit Office's findings on installation quality are stark: almost one in ten smart meters installed across Britain are not working properly, amounting to roughly three million faulty devices, and more than a third of homeowners with a smart meter have reported problems with it. More than a thousand smart meter installers have quit the profession or retired since March 2020 alone, while energy suppliers have struggled to train replacements because competitive pressure meant new installers were quickly hired away by rival suppliers, a direct structural consequence of splitting delivery across dozens of competing commercial organisations rather than coordinating it through a small number of regional network operators with a shared interest in the programme's overall success.

The Evidence: The Same Delivery Model Choice Now Shapes AI And Grid Modernisation

Fragmented Delivery Compounds Every Subsequent Cost

The average installation cost for a dual-fuel smart meter has continued rising as the dispersed, supplier-led model has struggled to achieve the efficiencies a coordinated, geographically clustered rollout would have delivered from the outset. Parliamentary evidence submitted during the programme warned explicitly, years before these costs fully materialised, that continuing the existing delivery approach would almost certainly result in cost overrun, and that parts of the technology being installed would become technically obsolete before the rollout itself was even complete, requiring a further replacement programme layered on top of costs already incurred. That warning has proven accurate: the National Audit Office has separately flagged that the phaseout of older 2G and 3G mobile networks now risks up to seven million installed smart meters losing their communication coverage entirely, a second wave of remediation cost stemming from the same original failure to build a genuinely adaptable, well-governed delivery structure.

Grid Modernisation And AI-Driven Demand Management Face The Same Choice Now

As the UK energy sector moves into its next major change programme, grid modernisation, demand-side flexibility, and AI-driven load balancing to accommodate data centre and electric vehicle demand growth, the same delivery model question the smart meter rollout got wrong the first time is being asked again. Whether responsibility sits with fragmented commercial suppliers or coordinated network operators and regulators will determine, as it did with smart meters, whether the programme's technical ambition translates into efficient delivery or into another decade-long, multi-billion-pound cost overrun.

UK Energy And Utilities In Three Horizons: The Gap Closes Or It Does Not?

Two Years: 2026 To 2028

What happens everywhere: the smart meter rollout's completion deadline continues to be tested against real delivery progress, while grid modernisation and demand flexibility programmes move from planning into active rollout.

- Thrive path. New energy infrastructure programmes are explicitly designed around coordinated, network-led delivery models from the outset, treating the smart meter rollout's delivery model choice as a documented lesson rather than a historical footnote.
- Die path. New programmes default to fragmented, commercially competitive delivery structures for the same reasons the original smart meter rollout did, and the same inefficiencies, duplicated overhead, inconsistent customer experience, staff churn, recur at a new, larger scale.

Five Years: 2028 To 2031

What happens everywhere: the 2G and 3G network phaseout forces remediation of up to seven million smart meters that would otherwise lose communication coverage entirely.

- Thrive path. Remediation is coordinated centrally and proactively, treating the phaseout as a planned change event rather than a crisis, minimising the second wave of cost the original programme's own contemporary critics warned was inevitable.
- Die path. Remediation is left to the same fragmented supplier structure that produced the original rollout's inefficiencies, and millions of households experience a second disruptive replacement cycle within a decade of the first.

Ten Years: 2031 To 2036

What happens everywhere: the UK's experience with smart meters becomes either the explicit template for how not to structure a national infrastructure change programme, or is repeated in substance under new branding.

- Thrive path. UK energy and utilities programmes consistently choose delivery models based on documented efficiency evidence rather than political or commercial convenience, and national infrastructure rollouts are delivered closer to original budget and timeline as a result.
- Die path. The underlying lesson, that delivery model choice determines programme efficiency more than technology choice does, remains unlearned, and a comparable overrun affects the next major national energy infrastructure programme.

What I Am Recommending To UK Energy And Utilities Boards

- Treat the choice of delivery model, coordinated versus fragmented, network-led versus commercially competitive, as the primary strategic decision in any national infrastructure change programme, not a secondary implementation detail decided after the real planning is done.
- Build technology adaptability into any long-running national rollout from the outset, following the specific, accurately predicted warning that fixed-specification technology deployed over many years will become obsolete before full rollout completes.
- Plan proactively for known future disruptions, such as the 2G/3G network phaseout, as coordinated change events rather than allowing them to become reactive, fragmented remediation exercises repeating the original programme's structural weaknesses.

Conclusion

The UK's smart meter rollout did not fail because the underlying technology was flawed or the ambition was misguided. It cost billions more and took years longer than planned because a single early decision, choosing fragmented, commercially competitive suppliers over coordinated network-led delivery, locked in inefficiency that no amount of good execution at the individual supplier level could fully overcome. Almost three million faulty meters, a tenth of installed devices still not delivering their intended function, and a second remediation wave now looming from the 2G and 3G phaseout are not separate problems. They are the compounding cost of one change management decision made incorrectly at the very start. As UK energy and utilities enter the next generation of infrastructure change, grid modernisation, demand flexibility, and AI-driven load management, that same decision is being made again, and the smart meter programme's own history is the clearest evidence available of what happens when it is made the wrong way twice.