

From: [Wightman, Stuart](#)
To: [Hughes, Seamus](#)
Cc: [Marten, Lucy](#); [Willis, Adele](#); [Clydesdale, Alison](#)
Subject: FW: Change control - NIRHI 2016-17 funding_draft [OFFICIAL]
Date: 25 July 2016 14:26:48
Attachments: [Change control - NIRHI 2016-17 funding_draft.docx](#)
[image001.gif](#)

Seamus

As I thought the £375k includes £50k for an increased programme of 50 audits to reflect increased installation numbers. We had previously agreed for Ofgem to carry on with business as usual audits (and not include the additional 50) which I was led to believe was about 20-30 audits. However, at last week's teleconference, I think Edmund said that business as usual audits would only amount to around 8 audits (based on 3% of GB audit programme). We might therefore have no option to proceed with additional programme of 50 audits this year given our additional audits are pushed back to April 2017. However, I would have thought we'd want to wait until investigatory work is complete before committing £50k of expenditure. You can clarify this with Ofgem when you meet next Monday.

It should be noted that using £50k for audits will mean we have to find more funding for the investigatory work.

Stuart Wightman

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by the RHI Inquiry

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[NI Year of Food & Drink 2016](#)

Please consider the environment - do you really need to print this e-mail?

From: Edmund Ward [mailto:Edmund.Ward@ofgem.gov.uk]
Sent: 25 July 2016 13:07
To: Wightman, Stuart; Marten, Lucy; Hughes, Seamus; Willis, Adele
Cc: Teri Clifton; Jane Pierce; Gareth John
Subject: Change control - NIRHI 2016-17 funding_draft [OFFICIAL]

Stuart, Lucy

Further to our previous discussions and correspondence, please find attached a draft change control documenting the funding position for administration of the NI RHI by Ofgem E-Serve during the 2016/17 financial year. Note the split provided in Annex 1 gives a breakdown of the

elements which are above the '3% of relevant scheme costs' formulation, as per Stuart's request.

Just to clarify following previous correspondence, we do not anticipate any further costs associated with Phase 1 of the Deloitte review as part of 2016/17. Note also that, as set out in the document, this is based on 50 site audits – we may expect this to change depending on the wider discussions around audits but perhaps you can consider how you would best like this represented, if the attached does not make things clear for you. The anticipated spend profile remains that as previously set out via email to Lucy/Adele.

Happy to discuss the approach, and to consider any changes in line with your requirements, before we issue a final signed document for your consideration.

Kind regards
Edmund

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Change
Request
Form

ofgem e-serve



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Project name	NI NDRHI Scheme	Date raised	25 July 2016
Change Title	NI RHI <u>2016/17</u>	Raised by	Edmund Ward
Change Reference	<u>NI RHI Funding 2016/17</u>	Senior Responsible Owner (SRO)	Gareth John
Project Director	Gareth John	Workstream Manager	Teri Clifton
		Version	1
		Version date	25 July 2016

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Change description	<p>Further to the change control signed between departments on 16 April 2014, and our agreement on 2015/16 budgets (confirmed by letter from John Mills on 12 November 2015), <u>this change control confirms</u> the budget figures for 2016/17, calculated based on 3% of actual relevant total scheme costs as agreed.</p> <p>For 2016/17, our forecast total UK scheme costs including overheads is £6.8m of which DfE will be charged 3% of actual relevant total scheme costs, plus additional NI specific costs. The total amount is £375,895, of which £204,841 is 3% of the relevant scheme costs, and £171,054 is NI specific costs.</p> <p>The NI specific costs are those costs anticipated to be incurred in:</p> <ul style="list-style-type: none"> processing the additional volume of applications carried over into 2016/17 following the significant spikes in applications last year, the additional processing costs associated with servicing those participants, and a programme of 50 site audits commensurate with our remit to appropriately monitor and mitigate scheme risks as part of our approach to public administration. <p>As per our agreement, we will only pass on those costs actually incurred in administration of the scheme, and we will deal with any variations through our existing change request procedures.</p> <p>The approach to funding has been the subject of joint discussions between our Departments, with the one outstanding area as discussed (between Stuart Wightman and Edmund Ward amongst others) being the approach to audit costs. This was subject to further dialogue on (1) a potential DfE-led audit programme for which details have not yet been confirmed and (2) ongoing discussions regarding a joint review incorporating site audits.</p> <p>While there will still be increased clarity on those areas as DfE plans develop, we are keen to confirm the current funding position for 2016/17. Should there be any adjustment necessary, we would then expect to adjust the funding through the change request process.</p> <p>We will continue to send a monthly breakdown of the NI actual costs, which will be paid quarterly as agreed by change control.</p>
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	<p>Total Cost of Change: £375,895, of which:</p> <p>The total amount is £375,895, of which £204,841 is 3% of the relevant scheme costs, and £171,054 is NI specific costs.</p> <p>To note for clarity, this includes conducting 50 site audits, without those costs the total would be £324k in line with the amount agreed.</p>		
Change approval required by	Gareth John	Reason for requirement	As per terms of reference of joint review.
Impact Assessment	This funding will support administration in line with Administrative Arrangements between DfE and Ofgem.		
Change Control Stage	Cost assessment has been completed by Ofgem.		

Ofgem Authorisation

The following signature certifies that the costs and other impacts of the change have been adequately assessed and that the details provided are Ofgem's best estimate of those impacts.

Approved by (name)	Signature	Date
Gareth John		

DETI Authorisation

	2015-16	2016-17	2017-18
Approved Funding to date	267,096	375,895	
Current Additional Funding			
Total Funding Agreed	267,096	375,895	

The following signature certifies that the change has been agreed as stated in this form and certifies the approval of additional funding as set out in the table above. Where no funding is included this indicates DfE's view that the costs of implementing the change have to be found from within the funding already approved.

DFE Approval

Approved by (name)	Signature	Date

Ofgem Approval to proceed

The following signature certifies that the Ofgem will proceed with the change request on the basis of the costs identified and the funding indicated by DfE.

Approved by (name)	Signature	Date

Annex A – Split of anticipated costs based on relevant total costs and NI-specific costs

Area	3% of relevant total scheme costs	Additional NI-specific costs	Total NI funding requirement	Basis of additional costs
Staff	144,928	98,464	243,392	Application volume of 768 applications due to 15/16 application spike increases NI share of applications processed to c 19% of GB forecast, and participant base to c. 9% of GB participants, impacting on staff resource requirement to process applications and service participants
Other	9,216	21,053	30,269	The increased staff requirement also increases other costs associated with training, recruitment, travel and subsistence and associated costs
Consultancy	3,919	51,314	55,233	Based on the increase in applications, we anticipate conducting around 50 site inspections during 2016/17
IMT	46,778	222	47,000	Small additional IT support cost associated with additional NI staff
Total	204,841	171,054	375,895	

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