

**From:** [Brankin, Bernie](#)  
**To:** [Woods, Michael \(DETI\)](#)  
**Cc:** [Cooper, Trevor](#)  
**Subject:** FW: ENERGY DIVISION - ADDITIONAL BUDGET REQUIREMENT FOR CONSULTANCY SPEND  
**Date:** 15 February 2016 09:21:42  
**Attachments:** [image001.gif](#)  
[Projects of Common Interest - business case for appointment of consultants to undertake grant certification reviews February 2016.tr5](#)

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Michael

See email below. We are proposing to fund the RHI audit and the additional £25k for CEF audits from over committing the 2015-16 budget which normal levels of underspending should cover. I would need some indication of how much is likely to be required for the RHI audit. Is it your understanding that the RHI audit is expected to require £75k for this financial year?

Bernie

## **Bernie Brankin**

Finance Branch  
Department of Enterprise, Trade & Investment  
Netherleigh  
Massey Avenue  
Belfast, BT4 2JP  
Tel: 028 9052 9417 (ext: 29417)  
TextRelay: 18001 028 9052 9417  
Web: [www.detini.gov.uk](http://www.detini.gov.uk)

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

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**From:** Frazer, Fred  
**Sent:** 12 February 2016 16:59  
**To:** Brankin, Bernie  
**Cc:** Mills, John (DETI); Wightman, Stuart; Stevenson, Bill; Partridge, Jeff; Thompson, Sandra; Dolaghan, Paul  
**Subject:** ENERGY DIVISION - ADDITIONAL BUDGET REQUIREMENT FOR CONSULTANCY SPEND  
Bernie,

Further to our discussion this afternoon about funding of £25k for the CEF audits noted below, I have discussed with John Mills and Stuart Wightman and their view is that the RHI Audit is expected to require £75k for this financial year.

Can you therefore advise if this allows you to confirm we can spend up to £25k on the CEF Audits?

Also can you confirm whether the CEF audit would be classed as Consultancy or Managed Services – see excerpt from guidance below. You will appreciate that Consultancy requires Ministerial approval while I understand that Managed Services does not?

Regards

Fred

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**From:** Frazer, Fred  
**Sent:** 11 February 2016 15:46  
**To:** Brankin, Bernie; Partridge, Jeff  
**Cc:** Dolaghan, Paul; Stevenson, Bill; Thompson, Sandra; Goodman, Adrian; Mills, John (DETI)

**Subject:** ENERGY DIVISION - ADDITIONAL BUDGET REQUIREMENT FOR CONSULTANCY SPEND  
Bernie/ Geoff,

In relation to the request below for £25k to cover an urgent consultancy commission via CPD, please find attached a copy of the Business Case approved by John Mills.

In considering whether this is Managed Services or External Consultancy, I have reviewed guidance from Adrian Goodman, and would note the following:

2.1.1 Where the resources are being provided for a limited period of time to carry out a specific, finite or one-off task or project that could not be deemed to constitute "business-as-usual", then it should be classified as consultancy – otherwise it would be classified as other professional services.

2.1.2 In general, expenditure on:

- advice/support on governance matters,
- on the preparation of business cases, or;
- any other work associated with achieving expenditure approval.

would not normally be defined as part of the delivery of the product/service and should be treated as consultancy.

2.1.3 **Other professional services**, is an umbrella term used to describe any external resources used in a 'business-as-usual' environment to carry out a routine part or core function of a department, they can be further classified into:

- Managed services;
- Staff substitution - specialists; and
- Research

#### **Managed Services**

Managed Services describes external resources used to carry out a routine part or core function of a department for a specific duration in a steady state/business as usual or implementation context:

As the requirement is for audit services and is to carry out a specific and finite task, which does not form a routine part of our work, my interpretation is that the requested funding is External Consultancy – perhaps you can confirm our interpretation.

As consultancy spend above £10k requires Ministerial approval, also attached is a copy of the draft submission to the Minister - which of course we cannot issue until the additional budget cover is confirmed.

I understand that John Mills spoke last evening with Trevor Cooper on this matter.

Grateful if could confirm budget availability as soon as possible.

Regards

Fred

#### **Fred Frazer**

Gas & Energy Emergency Planning Branch  
Department of Enterprise, Trade & Investment  
Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9272 (ext: 29272)

Mob: Personal information redacted by

TextRelay: 18001 028 9052 9272

Web: [www.detini.gov.uk](http://www.detini.gov.uk)

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**From:** Frazer, Fred

**Sent:** 10 February 2016 17:10

**To:** Dolaghan, Paul; Partridge, Jeff

**Cc:** Thompson, Sandra; Goodman, Adrian; Magill, Aaron; Stevenson, Bill

**Subject:** ENERGY DIVISION - ADDITIONAL BUDGET REQUIREMENT FOR CONSULTANCY SPEND  
Jeff,

Further to Paul's e-mail about a bid for an additional £15k consultancy budget within Energy Division, this is now considered to be on the conservative side, with a £25k budget more realistic.

Apologies for the re-think on this, but we would ask that you could confirm budget availability as soon as possible.

We have assumed this to be Managed Services, but would ask Adrian/ Aaron to confirm, before we seek Ministerial approval of the business case and planned consultancy spend ( assuming you can confirm budget availability).

Regards

Fred

**Fred Frazer**

Gas & Energy Emergency Planning Branch  
Department of Enterprise, Trade & Investment  
Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9272 (ext: 29272)

Mob: Personal information redacted by

TextRelay: 18001 028 9052 9272

Web: [www.detini.gov.uk](http://www.detini.gov.uk)

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**From:** Dolaghan, Paul

**Sent:** 09 February 2016 11:21

**To:** Partridge, Jeff

**Cc:** Frazer, Fred; Thompson, Sandra

**Subject:** ENERGY DIVISION - ADDITIONAL BUDGET REQUIREMENT FOR CONSULTANCY SPEND  
Jeff,

Further to my brief call yesterday, please see below detail relating to an Energy Division request for an estimated £15k Admin spend. This cannot be met from within our remaining budget.

Would you kindly consider and advise as to what action is required on our part should there be sufficient budget across the wider Department.

Thanks

Paul

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**From:** Frazer, Fred

**Sent:** 09 February 2016 10:44

**To:** Dolaghan, Paul

**Cc:** Stevenson, Bill; Thompson, Sandra

**Subject:** ENERGY DIVISION - ADDITIONAL BUDGET REQUIREMENT FOR CONSULTANCY SPEND  
Paul,

As discussed, the additional external consultancy budget of £15k is required for the following reasons:

1. The Islandmagee gas storage and the Gaelectric compressed air energy storage projects in Northern Ireland were successful in their bids for this first tranche of CEF funding, and were offered grants by the Innovation and Networks Executive Agency (INEA) on behalf of the European Commission. The developers advise they have completed the studies and activities as proposed in their grant applications and wish to draw down the respective CEF grant monies.
2. DECC acts as National Competent Authority for the coordination of PCI arrangements in the UK, and has to provide Member State confirmation to the European Commission that grant aided activities have been completed and grant claims for the projects are appropriate. For the two NI projects, DECC has belatedly advised that before it will certify the grant claims, it requires DETI to comment on the completeness of the audit certificates prepared by the companies and on their technical reports on the grant aided activities.
3. This requires DETI to engage the services of a suitably qualified and independent financial auditor which is not available within Energy Division or the wider Department. There is also additional governance risk associated with carrying out the audit "in-house" even if a resource could be identified, hence the need to procure the expertise externally. However, it is hoped to have the Geological Survey of NI (GSNI) consider the technical aspects of the projects and therefore provide the required technical assurance without having to procure this externally.
4. The Minister's approval will be sought shortly for Energy Division to engage with Department of Finance and Personnel Central Procurement Directorate to obtain the services of a suitably qualified and experienced external consultant to provide financial scrutiny of the developers' financial audits of activities on which CEF grant is to be claimed. The cost of this Department audit is estimated at up to a maximum of £15,000, and the additional budget cover for this is requested.

Fred

**Fred Frazer**

Gas & Energy Emergency Planning Branch  
Department of Enterprise, Trade & Investment  
Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9272 (ext: 29272)

Mob: Personal information redacted by IT

TextRelay: 18001 028 9052 9272

Web: [www.detini.gov.uk](http://www.detini.gov.uk)

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