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**From:** Keith Avis  
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[Delivery Component.docx](#)

Matthew

Attached are the revised costings for NIRHI following our meeting yesterday evening. These have been cleared by Legal, Ops and IT. Peter has been delayed coming into the office, but I am confident he can confirm he will be content once he arrives.

The first chart in the document is the one covered at the meeting, the second is the revised chart following the meeting – along with bullets on the changes we agreed, and the updated legal chart is included at the end that takes out Admin Agreement costs as these will be paid via the licence fee.

You will see that we are now £40,465 in credit against the original Feasibility Study, but this is without the £47k (33%) IT contingency, which we are going to flag outside the boundaries of the table – so this will make us £6.5k over.

Of course, happy to discuss and/or take action following your discussion with DETI.

Rgds

Keith

**Keith Avis**

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**NORTHERN IRELAND RHI COSTS****Original Table used at Matthew / Bob Meeting**

Delivery Component		Current Delivery Cost (£)
Development	New Scheme Development delivery team	£96,000
	Band C Operational Manager – recruitment process	£2,000
	Stakeholder Consultation	£700
	Ofgem legal costs	£97,211
	IT delivery costs	£190,000 (£143,000 + £47,000(33% contingency))
	Independent risk assessment	£10,000 (excluding £10,000 deferred from feasibility study)
	Overheads	£75,000
<b>Total Development Costs:</b>		<b>£470,911</b>
Operational	Operational costs (inc £18,692 manual solution from November to February)	£118,466
	Additional operation cost (IT business application support costs; IT infrastructure costs; Internal legal costs)	£56,732
<b>Total Operational Costs:</b>		<b>£175,198</b>
<b>Total Including Contingency:</b>		<b>£646,109</b>

Original Feasibility Study Cost	Cost (£)
Development Cost (386,000 + £47,000 33% IT contingency)	£433,000
2012/13 Operational cost	£135,660
<b>Total</b>	<b>£568,660</b>
Funding Needed (£646,109) minus Feasibility Study Cost (£568,660)	£77,449 (extra funding required)

**Revised Table Post Matthew/Bob Meeting**

Delivery Component		Current Delivery Cost (£)
<b>Development</b>	New Scheme Development delivery team	£86,000
	Ofgem legal costs	£67,383
	IT delivery costs	£143,000
	Overheads	£75,000
<b>Total Development Costs:</b>		<b>£371,383</b>
<b>Operational</b>	Operational costs (inc £18,692 manual solution from November to February)	£98,466
	Additional operation cost (IT business application support costs; IT infrastructure costs; Internal legal costs)	£11,346
<b>Total Operational Costs</b>		<b>£109,812</b>
<b>Total Costs:</b>		<b>£481, 195</b>

Original Feasibility Study Cost	Cost (£)
Development Cost	£386,000
2012/13 Operational cost	£135,660
<b>Total</b>	<b>£521,660</b>
Funding Needed (£481,195) minus Feasibility Study Cost (£521,660)	£40,465 in credit.

**Issues from meeting :****Development**

- Reduce NSD delivery costs by £10k to £86k which incorporates Band C recruitment and stakeholder consultation.
- Internal legal cost reduced Admin agreement costs to be paid by licence fee (Legal- I will update you chart and send around in the morning).
- Take out £47k IT contingency from the grid – include in covering email.
- Take out risk assessment – incorporate with GBRHI requirements.

**Operational**

- Reduce operational costs by £20k
- Bring additional operational costs down to 20% of figure to reflect 4 year costing.

**Legal Costs with Administrative Arrangement costs removed (to be paid by licence fee)**

Task	Stage	Working days				
		Secondment	HL	Band D	Band E	SCS
Guidance	1st review	7		10		
	2nd review	7		10	0.5	
Regulations		5		5		
Administrative Arrangement	1st review	10		10		
	2nd review	5		5	1	
	3rd review	5		5	0.5	
Contract revision - 2 contracts & 2 reviews		5	7	5		
	<b>Subtotal</b>	<b>24</b>	<b>7</b>	<b>50</b>	<b>2</b>	
	<b>Cost (£) subtotal</b>	<b>27,907</b>	<b>16,905</b>	<b>8,995</b>	<b>192</b>	
Application process & documentation		6		6		
General					2	0.3
Papers		2		2	2	
	<b>Total hours</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>4</b>	<b>0.3</b>
	<b>Cost (£)</b>	<b>9,302</b>	<b>0</b>	<b>2,399</b>	<b>1,536</b>	<b>147</b>

Subtotal 1	£53,999
Subtotal 2	£13,384
<b>Total costs:</b>	<b>£67,383</b>