

To: Paul Heigl[Paul.Heigl@ofgem.gov.uk]
From: Keith Avis
Sent: 2012-10-25T13:59:26Z
Importance: Normal
Subject: RE: DPA operating costs part
Received: 2012-10-25T13:59:26Z

I would go with:

2012/13 operating costs are forecast at £140,000 (a £5,000 increase). As a result of the delay in starting the scheme, operating costs have been revised down by almost £15,000. However, this has been offset, partly by an increase in application processing time than was previously envisaged, but primarily due to the impacts of operating without an IT system. The net effect is a small increase of £4,340 to the 2012/13 operating costs against the original feasibility study.

Keith

From: Paul Heigl
Sent: 25 October 2012 14:12
To: Keith Avis
Subject: DPA operating costs part

Hi Keith – could you be able to rework this text? I don't know how the costs break down for operations so would take me twice as long.

Thanks

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Current text:

2012/13 operating costs are forecast at £140,000 (a £5,000 increase). The costs associated with operating a manual process until the end of January 2013 have outweighed savings from part year operations. The increase in administration costs since the Feasibility Study, married with the efficiency savings that we have built in, mean that apportioning original Feasibility Study costs for the remainder of the year (post go-live) does not reflect the costs actually needed to administer the scheme.

Matthew's text:

On item 8 in the summary, you need to explain that part year operations reduces the costs, but longer processing time partly offsets this. The net result is a reduction in cost of £X. But the fact that we need to delay the IT launch to save money means that additional staff costs are incurred (because manual processes are more labour intensive). The end result is a £5k increase in operating costs.

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