

To: Gareth John[Gareth.John@ofgem.gov.uk]; Edmund Ward[Edmund.Ward@ofgem.gov.uk]
From: Teri Clifton
Sent: 2015-05-28T10:17:30Z
Importance: High
Subject: DETI costs
Received: 2015-05-28T10:17:32Z

Hi Gareth and Edmund

I've almost cracked it, but there's an added challenge...

I've got to the £218,700 based on the following

Total scheme cost with overheads is as follows:

GB 7151100

NI 218700

Total 7369800

Total scheme cost x 2.9675% = 218698.815

So using our finance team's excellent rounding (which catches me every time), we've ended up just under 3% for NI with total rounded up to £218700.

The additional complication, is that we base DETI's 3% on actual relevant NI costs. Last year GB specific costs ran at 20% on average. If I then calculate on relevant actual costs we are charging DETI 3.7% (£218700 on £5,895,840)

So all advice appreciated please...

Thanks!

Teri

Teri Clifton

Head of Operations

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Tel: 0141 341 3991

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To: Gareth John[Gareth.John@ofgem.gov.uk]
From: Teri Clifton
Sent: 2015-05-28T12:31:08Z
Importance: Normal
Subject: RE: DETI costs
Received: 2015-05-28T12:31:09Z

Way too low- working it backwards based on my delightful spreadsheet, GB specific costs are only £79800 for the year. This doesn't work as the actuals for April are already 72,073.

Edmund suggested we word it as we know there will be GB and NI specific costs, which will be broken down through the year. For simplicity, we are showing it as % of total scheme costs at this stage which equates to 2.96%. I think that would satisfy John Mills at this stage.

From: Gareth John
Sent: 28 May 2015 12:09
To: Teri Clifton
Subject: RE: DETI costs

Working it backwards – what would the GB specific cost be then?

From: Teri Clifton
Sent: 28 May 2015 12:03
To: Gareth John
Subject: FW: DETI costs

Wayne can't find any notes so doesn't know how it has been calculated...I sense a reluctance to help in Peter's absence...

From: Teri Clifton
Sent: 28 May 2015 11:57
To: Gareth John; Edmund Ward
Subject: RE: DETI costs

Thanks Gareth

Not sure why we have the rounding at this stage – took some working through to realise what they had done so far. I will see if Wayne agree with my logic as it's the closest we can get without changing anything. A true 3% would be 221094, so we could explain to DETI that we have based it on 2.96% as these are based on actual relevant costs, as we are forecasting less GB specific costs.

I'll let you know what Wayne says

Regards

Teri

From: Gareth John
Sent: 28 May 2015 11:35
To: Teri Clifton; Edmund Ward
Subject: RE: DETI costs

Some Q's

Why is it 2.9675% and not 3%?

Have Finance confirmed what the overhead will be and is that distorted like last year? Or is it linear @ 20% or smthg? – that helped last year

Options are:

1. Explained there are far fewer GB specific costs this year in terms of consultancy and IT
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The logo for Ofgem, consisting of the word "ofgem" in a lowercase, sans-serif font. The "o" and "f" are connected, and the "g" has a distinctive shape.

To: Teri Clifton[teri.clifton@ofgem.gov.uk]
From: Gareth John
Sent: 2015-05-28T12:53:01Z
Importance: Normal
Subject: RE: DETI costs
Received: 2015-05-28T12:53:00Z
[deti15_16.xls](#)

Ok sounds good – not sure how you get GB specific for **April of £72k** though as you control this figure?
If we are talking inc overheads total GB is £594k ish?
See attached calcs
Is your concern that we then have to show a forecast that is lower than 3% overall ? –

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