

**To:** Gareth John[Gareth.John@ofgem.gov.uk]  
**From:** Teri Clifton  
**Sent:** 2015-05-28T13:19:05Z  
**Importance:** Normal  
**Subject:** RE: DETI costs  
**Received:** 2015-05-28T13:19:07Z

Hi Gareth

Here's what I've calculated ( not gone wider) based on April actual.

2015/16	April	Annual
<b>Total Running costs</b>	<b>610,906</b>	<b>7,369,800</b>
<b>Less GB Specific costs</b>	72,073	79800
<b>Total Relevant costs</b>	<b>538,833</b>	<b>7,290,000</b>
<b>IT</b>	818	14000
<b>Staff</b>	13,165	126402
<b>Consultancy</b>	0	41598
<b>Overheads</b>	3,000	36700
<b>TOTAL</b>	<b>16,165</b>	<b>218700</b>

This is how we showed it last year.

My main concern is giving DETI a letter at the full 2.96 % to get to the £218,700, in case they ask for the breakdown for NI specific. Edmund's solution solves my problem, as we will continue to break it down in the same way as last year. I guess my biggest concern is that I won't be able to adjust the GB specific correctly through the year. If you take the total scheme costs for the year, it doesn't work back correctly, so I will be reliant on costs being lower each month, to give me some adjustment scope.

Regards  
Teri

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**From:** Gareth John  
**Sent:** 28 May 2015 13:53  
**To:** Teri Clifton  
**Subject:** RE: DETI costs

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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**From:** Teri Clifton  
**Sent:** 28 May 2015 13:31  
**To:** Gareth John  
**Subject:** RE: DETI costs

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.

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**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?

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**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...

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**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

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**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
2. If we had to – we could split out July regs & October regs – but I would prefer to do a deal – e.g. make it flat 3% and then have the flexibility to absorb any NI regs costs within reason – which will help DETI

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**From:** Teri Clifton  
**Sent:** 28 May 2015 11:17  
**To:** Gareth John; Edmund Ward  
**Subject:** DETI costs  
**Importance:** High

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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Annotated by RHI Inquiry

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