To: Keith Avis[Keith.Avis@ofgem.gov.uk]; Mary Smith[Mary.Smith@ofgem.gov.uk]
Cc: Richard Kayan[Richard.Kayan@ofgem.gov.uk]
From: Andy Luckhurst
Sent: 2012-11-15T18:50:11Z
Importance: High
Subject: FW: NI RHI budget, PID etc.
Received: 2012-11-15T18:50:13Z
<u>Budget Change Control NI RHI_15 Nov 12.docx</u>
<u>Budget Change Control NI RHI_04 Sept 12.docx</u>

Keith/Mary,
 Following my telephone conversation with Keith, I am attaching an updated copy of the budgetary CR with more up to date projections (note that confirmed October numbers were not available when I sent you the last version). Mary – I believe your main concern was that the version I sent you earlier did not give you confidence that there were sufficient funds available to cover the period from December onwards, so I have included my latest forecasts up until the end of the project.
 Mary –for information I am also including the original budgetary CR raised in September in which we were seeking funding for the entire project.
 As per my previous email, please confirm by tomorrow at 11 AM that you will be able to sign this off.
 Given the position we now find ourselves in (i.e. with Bob Hull having confirmed at the board meeting that we should go ahead with a standalone NI release in January), our known contingency calls can be summarised thus:-

Details of additional cost	Cost	Status
Provision for IT unproductive time in May	£2,253	Already incurred
Provision for splitting NI RHI/Phase 2 code and re-merging if required (agreed on 18 October)	£1,000	Approved but not yet needed
Time needed in November for handover from current Business Analysts to other team members (as advised on 31 October)	£2,120	Required this month
Additional cost for NI scheme of stopping Phase 2 work (see Option 2)	£36,159	Will now be required
TOTAL	£41,532	

As we have discussed, this leaves us with very little available contingency available given that a reduced budget was agreed. As I have stated many times in the Checkpoint meetings, there is a strong risk that the available contingency will not be sufficient to cover the expenditure required. Note also that we have yet to hold our detailed estimation workshop, which was due to have taken place at the end of the requirements phase. When this has been completed, it will enable us to provide you with a more accurate forecast of remaining expenditure.
 Regards,
 Andy

From: Andy Luckhurst
Sent: 31 October 2012 18:23
To: Keith Avis; Rita Chohan
Cc: Adrian Falconer; Richard Kayan; Phil Austin
Subject: RE: NI RHI budget, PID etc.
Importance: High
 Keith,
 Please ignore item 4 in the contingency call table below, as there should be provision for this. My apologies for any confusion.
 Regards,
 Andy

From: Andy Luckhurst

Sent: 31 October 2012 17:54
To: Keith Avis; Rita Chohan
Cc: Adrian Falconer; Richard Kayan; Phil Austin
Subject: NI RHI budget, PID etc.

Keith,

I have put a budgetary CR on your desk for interim funding, as we discussed. I would be grateful if you could get this signed off by Matthew, Luis or Mary. This will ensure that IT are not working at risk for November. A copy is attached to this email.

In the absence of a PID, I have produced an IT PID. This ensures that I have complied with our processes and also will enable me to ensure that I have a mandate to continue. **Keith/Rita** - would you please conduct a review of this by close of business next Wednesday 7th. I am particularly looking for feedback on the reporting structures and the budgetary sections, as these need to tally with the contents of the overall PID once this is produced (is there a timescale for this?). The IT PID can be found at the following location and I will accept any feedback by email so that I can incorporate it into a Review Record Sheet.

http://sharepoint/Ops/IT/IT_Lib/Apps/MS_Server/NI%20RHI/Project%20Management/Initiation_Documentation/NI%2 0RHI%20PID.doc

Once I have received your feedback I will issue a version of the PID for review and sign-off within IT and by Matthew.

Given the news from Bryony about the Phase 2 situation, I am now assuming that the most likely scenario is that we will go live at the end of January with NI only. This means that Option 2 from the overall budgetary CR I raised in September, now applies (£178,565 plus contingency of 33%, total £237,491). This exceeds the £190,000 available. Of course, we may not need all this contingency, but there are a number of items (two of which you are already aware of) which may require calls on contingency, and I am detailing these below.

The following contingency calls now need to be allowed for:-

Item	Amount and status
1. Provision for IT unproductive time in May	£2,253 – already advised
2. Provision for splitting NI RHI/Phase 2 code and re-merging if required	£1,000 - agreed on 18 October 2012
3. ***NEW*** - time needed in November for handover from current Business Analysts to other team members (I am happy to provide further clarification if required)	£2,120 – please confirm your agreement
4. ***NEW* -** post go-live warranty period was not included in original estimates	£30,000 – please confirm your agreement

It is important that I point out that items 2 and 4 above are **possible** calls on contingency. At this stage we cannot predict how many outstanding defects will exist at the time the system goes live, but we do need to make provision for the additional time that resources will need to be allocated to the project.

Please note that having reached the end of the requirements phase, we are due to conduct a re-estimation exercise, and our projections for the remainder of the project could go down or up. I am expecting revised projections to be available in the next fortnight.

I will be out of the office until Monday, but would be grateful if we could discuss these matters then.

Thanks.

Andy

Andy Luckhurst
Senior IT Development Project Manager
Information Management and Technology
9 Millbank
London
SW1P 3GE
Tel: 0207 901 1841
www.ofgem.gov.uk

PROJECT BUDGET CHANGE REQUEST FORM

BUDGET CHANGE DETAILS*

Project Name	NI RHI
Project Manager	Andy Luckhurst
Requester Name	Keith Avis
Date Raised	15 November 2012
Change Request Number	NI RHI_15 Nov 12
Document Version Number	0.1
Change Type:	Additional Funding
Change Request origin:	Interim funding request for NI RHI delivery phases
Description of proposed Change:	Having not yet received a signed-off budgetary Change Request for the overall NI RHI IT budget, this CR is being raised in order to confirm interim funding requirements up to end of November 2012. The project is already in progress, and up to now has been funded by means of an interim funding agreement confirmed by letter to Keith Avis on 6 June 2012. The budget being requested is detailed in the next section, and will cover the work scheduled by IT up to 30 November 2012.
Business Justification	
Business priority requirement	*MUST/SHOULD/COULD/WONT*
Priority Assessment:	

*To be completed by Change Initiator (Project Manager)

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Funding required

The breakdown below details the actual IT development costs up to end of September, and the projected costs until the end of the project.

NI RHI

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
Hrs	0	0	38	167	167	439	FORECAST	FORECAST	FORECAST	FORECAST
Cost	£0	£0	£1,988	£8,851	£8,864	£23,280	£43,842	£20,140	£27,984	£4,664
30% Overhead	£0	£0	£596	£2,655	£2,659	£6,984	£13,152	£6,042	£8,395	£1,399
Total	£2,253	£0	£2,584	£11,506	£11,524	£30,264	£56,994	£26,182	£36,379	£6,063
Cumulative total	£2,253	£2,253	£4,837	£16,343	£27,867	£58,131	£115,125	£141,307	£177,686	£183,749

Assumptions and Caveats:

- It is assumed that the system go-live date will be 31st January. The detailed schedule is still being finalised and will be agreed with the New Schemes Project Manager.
- IT work is already in progress, and it is assumed that this will be able to continue uninterrupted. If there is any delay in securing funding from DETI or the project is stopped for any other reason, costs will increase and will need to be re-estimated

Approval

Head of BA

Decision:	
Approved:	
Date Approved:	
Head of BA :	Richard Kayan

IT Director

Decision:	
Approved:	
Date Approved:	
Head of IT :	Milton James

Budget holder

Approved:	
Decision:	
Date:	
Budget Holder:	Matthew Harnack

Project board*

Approved:	
Decision:	
Date:	
Completed by:	

*To be completed by the Change Manager/Project Manager following the Project Board meeting.

Project Management

Total Time spent on reviewing this Change by all teams:	n/a

Change Management

Release Number	N/A	
Documentation Updated:		
Change Implemented:	Date Implemented	
Change Completed:		

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PROJECT BUDGET CHANGE REQUEST FORM

BUDGET CHANGE DETAILS*

Project Name	NI RHI
Project Manager	Andy Luckhurst
Requester Name	Keith Avis
Date Raised	4 Sept 2012
Change Request Number	NI RHI_04 Sept 12
Document Version Number	0.1
Change Type:	Additional Funding
Change Request origin:	Funding request for NI RHI delivery phases
Description of proposed Change:	Having re-confirmed the budget figure which will be assigned to IT, this CR is being raised to formalise the budget. The project is already in progress, but so far has been funded by means of an interim funding agreement confirmed by letter to Keith Avis on 6 June 2012. The budget being requested is detailed in the next section, and will cover the work required by IT to complete the requirements, development and testing phases and put the system live.
Business Justification	
Business priority requirement	MUST/SHOULD/COULD/WONT
Priority Assessment:	

*To be completed by Change Initiator (Project Manager)

WORK ESTIMATE

Option 1 Confirmed Option

- The option being taken forward is the recommended option proposed at the Feasibility Study stage. The estimate breakdown below corresponds to the Feasibility Study, and a more detailed breakdown will be found in the Feasibility Study document and in Appendix 1.
- The main assumption is that the system changes will be tested and put live in conjunction with changes to the existing GB functionality (GB RHI Phase 2). The proposal is for a combined release to be put live by the end of January 2013, but the scope of the GB release is currently unclear, and there is a risk that this may not happen.
- The budget agreed is as follows, and includes contingency at an agreed rate of 33% (for a more detailed breakdown, please refer to the Feasibility Study or to the details in Appendix 1). Please note that Operational Costs are based on those identified in the Feasibility Study but have been reduced to take into account the later implementation date. Operational costs for subsequent years have not yet been agreed and are not part of this Change Request.

Development Costs

Delivery Component	Cost (£)
IT delivery costs	143,000
Contingency (at 33%, as agreed with New Schemes)	47,000
Total	**190,000**

Operational Costs

Operational Component (assuming a go-live date of 31 January 2013)	Cost (£)
IT business application support costs 2012 - 13	5,400
IT infrastructure costs	4,600
Total	**10,000**

Option 2 Standalone Release Option

- Any changes to delivery dates and any separation from the GB release will result in increased costs. These have been fully itemised in the Feasibility Study documentation and are as follows (for a more detailed breakdown, please refer to Appendix 2).

Development Costs

Delivery Component	Cost (£)
IT delivery costs	178,565
Contingency (at 33%)	58,926

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Total	**237,491**

Operational Component (assuming a go-live date of 31 January 2013)	Cost (£)
IT business application support costs 2012 - 13	5,400
IT infrastructure costs	4,600
Total	**10,000**

Assumptions and Caveats:

- It is assumed that the system go-live date will be 31st January. The detailed schedule is still being finalised and will be agreed with the New Schemes Project Manager.
- IT work is already in progress, and it is assumed that this will be able to continue uninterrupted. If there is any delay in securing funding from DETI or the project is stopped for any other reason, costs will increase and will need to be re-estimated.

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APPENDIX 1 – Breakdown of estimated costs for Option 1 (Confirmed Option)

Task	Cycles	Analyse		Design		Implement		Test		Infrastructure		Total
Project / Phase Setup		11	£4,664	0	£0	13	£5,512	0	£0			£10,176
												£0
Feature 2 - User Management		5.55	£2,353	1	£424	1.5	£636	3	£1,272			£4,685
Feature 3 - Single Account for GB & NI RHI Scheme		2.855	£1,211	0.5	£212	2	£848	1.05	£445			£2,716
Feature 4 - Manage Tariffs		5.3	£2,247	4.5	£1,908	13.5	£5,724	0	£0			£9,879
Feature 5 - Manage Accreditation		5.925	£2,512	4.5	£1,908	11.75	£4,982	3	£1,272			£10,674
Feature 6 - Fuel Measurement and Sampling Information		0.625	£265	1	£424	2	£848	0.75	£318			£1,855
Feature 7 - Manage Periodic Information		3.45	£1,463	5	£2,120	12.5	£5,300	2	£848			£9,731
Feature 8 - Manage Payments		4.855	£2,059	4.5	£1,908	16.5	£6,996	2.55	£1,081			£12,044
Feature 9 - Assessment and Review		1.9	£806	1	£424	1	£424	2	£848			£2,502
Feature 10 - Declarations		8.1125	£3,440	3.25	£1,378	2.5	£1,060	0.375	£159			£6,037
Feature 11 - Generate Letters and E-Mail Notifications		2.725	£1,155	1.25	£530	1	£424	0	£0			£2,109
Feature 12 - Upload Documents		0.25	£106	0	£0	0	£0	0	£0			£106
Feature 13 - Reporting		7.31	£3,099	1.5	£636	8.75	£3,710	2.85	£1,208			£8,654
Feature 14 - CRM		3.775	£1,601	0.5	£212	4.75	£2,014	0	£0			£3,827
										21.2	£8,988.80	£8,989
Testing for three cycles	1	0	£0	0	£0	0	£0	14.2	£6,021			£6,021
Release	6	6	£2,544	0	£0	16.5	£6,996	0	£0			£9,540

	Analyse		Design		Implement		Test		Infrastructure	
Total	69.6325	£29,524	28.5	£12,084	107.25	£45,474	31.775	£13,473	21.2	£8,989
Management @ 30%	20.88975	£8,857	8.55	£3,625	32.175	£13,642	9.5325	£4,042	6.36	£2,697
Grand Total	90.52225	£38,381	37.05	£15,709	139.425	£59,116	41.3075	£17,514	27.56	£11,685.44

Total Days 335.86475

Total Cost **£142,406.65**

Costing based on 8hr day (i.e 53 x 8) 424

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APPENDIX 2 – Breakdown of estimated costs for Option 2 (Standalone release)

Task	Cycles	Analyse		Design		Implement		Test		Infrastructure		Total
Project / Phase Setup		11	£4,664	0	£0	13	£5,512	0	£0			£10,176
												£0
Feature 2 - User Management		5.55	£2,353	1	£424	1.5	£636	3	£1,272			£4,685
Feature 3 - Single Account for GB & NI RHI Scheme		2.855	£1,211	0.5	£212	2	£848	1.05	£445			£2,716
Feature 4 - Manage Tariffs		5.3	£2,247	4.5	£1,908	13.5	£5,724	0	£0			£9,879
Feature 5 - Manage Accreditation		5.925	£2,512	4.5	£1,908	11.75	£4,982	3	£1,272			£10,674
Feature 6 - Fuel Measurement and Sampling Information		0.625	£265	1	£424	2	£848	0.75	£318			£1,855
Feature 7 - Manage Periodic Information		3.45	£1,463	5	£2,120	12.5	£5,300	2	£848			£9,731
Feature 8 - Manage Payments		4.855	£2,059	4.5	£1,908	16.5	£6,996	2.55	£1,081			£12,044
Feature 9 - Assessment and Review		1.9	£806	1	£424	1	£424	2	£848			£2,502
Feature 10 - Declarations		8.1125	£3,440	3.25	£1,378	2.5	£1,060	0.375	£159			£6,037
Feature 11 - Generate Letters and E-Mail Notifications		2.725	£1,155	1.25	£530	1	£424	0	£0			£2,109
Feature 12 - Upload Documents		0.25	£106	0	£0	0	£0	0	£0			£106
Feature 13 - Reporting		7.31	£3,099	1.5	£636	8.75	£3,710	2.85	£1,208			£8,654
Feature 14 - CRM		3.775	£1,601	0.5	£212	4.75	£2,014	0	£0			£3,827
										30	£12,720.00	£12,720
Testing for three cycles	1	0	£0	0	£0	0	£0	71	£30,104			£30,104
Release	6	6	£2,544	0	£0	16.5	£6,996	0	£0			£9,540

	Analyse		Design		Implement		Test		Infrastructure	
Total	69.6325	£29,524	28.5	£12,084	107.25	£45,474	88.575	£37,556	30	£12,720
Management @ 30%	20.88975	£8,857	8.55	£3,625	32.175	£13,642	26.5725	£11,267	9	£3,816
Contingency @ 33%	0	£0	0	£0	0	£0	0	£0	0	£0
Grand Total	90.52225	£38,381	37.05	£15,709	139.425	£59,116	115.1475	£48,823	39	£16,536.00

Total Days 421.14475

Total Cost £178,565.37

Costing based on 8hr day (i.e 53 x 8) 424

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Approval

Head of BA

Decision:	
Approved:	
Date Approved:	
Head of BA :	Richard Kayan

IT Director

Decision:	
Approved:	
Date Approved:	
Head of IT :	Milton James

Budget holder

Approved:	
Decision: Please delete as applicable	Option 1 - £190,000 additional funding – Development, plus £10,000 additional funding (Operational 2012 – 2013). Option 2 - £237,491 additional funding – Development, plus £10,000 additional funding (Operational 2012 – 2013).
Date:	
Budget Holder:	Matthew Harnack

Project board*

Approved:	
Decision:	
Date:	
Completed by:	

*To be completed by the Change Manager/Project Manager following the Project Board meeting.

Project Management

Total Time spent on reviewing this Change by all teams:	n/a

Change Management

Release Number	N/A
Documentation Updated:	

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Change Implemented:		Date Implemented	
Change Completed:			