

**To:** Keith Avis[Keith.Avis@ofgem.gov.uk]  
**Cc:** Mary Smith[Mary.Smith@ofgem.gov.uk]; Richard Kayan[Richard.Kayan@ofgem.gov.uk]; Johan Brand[Johan.Brand@ofgem.gov.uk]  
**From:** Andy Luckhurst  
**Sent:** 2012-11-16T13:16:56Z  
**Importance:** Normal  
**Subject:** RE: NI RHI budget, PID etc.  
**Received:** 2012-11-16T13:16:59Z

Keith/Mary/Johan,

It may be best if we find some time next week to go through any information that you are unsure about. The timings and overall forecasts have not changed (although the detailed monthly breakdown has been adjusted to some degree). The budget has been discussed extensively at checkpoint meetings throughout the project. I have also been attempting to obtain budgetary sign-off since September. IT are not permitted to work at risk.

To be clear, as budget approvers New Schemes need to mitigate the risk of the budget being exceeded, not IT. We will do everything we can to work within the budgetary constraints, but if something unexpected occurs, there is a risk of exceeding the budget. Our original estimate for a standalone release was far higher than the budget that was approved. I do not want to sound like a stuck record, but I do need to re-emphasise this.

Regards,

Andy

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**From:** Keith Avis  
**Sent:** 16 November 2012 09:27  
**To:** Andy Luckhurst  
**Cc:** Mary Smith; Richard Kayan; Johan Brand  
**Subject:** FW: NI RHI budget, PID etc.  
**Importance:** High

Andy cc: Mary, Richard, Johan

Thanks for sending through the updated Change Control sheet, the updated projections are certainly helpful, allowing us to see that in using the 33% contingency (mainly for the standalone release in January) we are currently projected to deliver within the £190k budgetary line, although I appreciate that this is very tight and leaves no room to use contingency in any other area. As we have always said, there is no room to manoeuvre beyond the £190k budget, so I am assuming that any sign-off by Mary here would be on this basis.

What would be good for Mary I think would be if you could give a short breakdown of the delivery stage timings and resource allocations, this will allow us to understand the costs for each month. I recognise that this information is included in the draft PID which you sent recently which had the project timeline and the resources, so basically it would be something like, project initiation - timing (July-Aug), resource ( ); then I am assuming that you would want to include Inception, construction, transition etc. This is just so that Mary can see that rationale for the const fluctuation between months.

We do need to make sure that Johan is content with this as well as the NSD lead on IT liaison. Suffice to say, I appreciate that you require sign-off quickly here.

Rgds

Keith

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**From:** Andy Luckhurst  
**Sent:** 15 November 2012 18:50  
**To:** Keith Avis; Mary Smith  
**Cc:** Richard Kayan  
**Subject:** FW: NI RHI budget, PID etc.  
**Importance:** High

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
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Received from OF GEM on 11.03.2014

Annotated by RHI Inquiry

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
<b>TOTAL</b>	<b>£41,532</b>	

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

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**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

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**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 7<sup>th</sup>. 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%20RHI%20PID.doc](http://sharepoint/Ops/IT/IT_Lib/Apps/MS_Server/NI%20RHI/Project%20Management/Initiation_Documentation/NI%20RHI%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:-

Received from OFGEM on 11.05.2017  
Annotated by RHI Inquiry

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. <b>*NEW*</b> - 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. <b>*NEW*</b> - 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**

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