

To: Peter Rice[Peter.Rice@ofgem.gov.uk]
Cc: Teri Clifton[teri.clifton@ofgem.gov.uk]; Lola Olateju[Lola.Olateju@ofgem.gov.uk]; Patricia Dreghorn[Patricia.Dreghorn@ofgem.gov.uk]; Sajith Sasikumar[Sajith.Sasikumar@ofgem.gov.uk]; Chris Poulton[Chris.Poulton@ofgem.gov.uk]; Edmund Ward[Edmund.Ward@ofgem.gov.uk]; Jane Pierce[Jane.Pierce@ofgem.gov.uk]
From: Gareth John
Sent: 2016-12-01T08:36:46Z
Importance: Normal
Subject: Re: NI costs for each year [OFFICIAL Internal Only]
Received: 2016-12-01T08:36:48Z
[image001.gif](#)

Peter,

Thanks for the note. As we can see below - we have been trying to resolve for a number of weeks.

Just as a heads up we need to resolve this today as Dfe need to provide the figures to their finance dept by 1st Dec.

In terms of the BAU staff allocation (I'll come onto PAC later)- these were factored into the modelling and the change control that was agreed in August. This uplifted from previous year of £253k to £375k , and took account of the remaining work to process the applications and additional volume on the metering / payments portfolio as well as the planned audits increase. As the scheme was closed in Feb 2016 , enquiries and initial application review / monitoring alongside guidance/ comms will have dropped off. It's also worth noting the technology mix in NI is less complex than GB.

Staff

As you know the NI staff allocation is running at 6% flat in your model (3% notional and 3 % NI specific) and I've asked Teri / Edmund and Jane to review actual staff team allocations for those that do NI work, some work full time - some work a notional 3 % , others higher and some zero.

I'll send this view of actual allocation based on time spent through shortly.

When I looked at this view yesterday it seemed to near to the 6 % allocation view Lola had provided.

I would propose we move to the actual allocation view that we provide moving Fwds but I'm not sure what that does to your model and if the view for the first 6/7 months is already fixed.

IT

I understand we had a small notional amount for IT Based on a previous assessment and this was removed because the value was low. We should reflect the IT costs and based on the no change scenario we have been in I proposed this was 3% of NDRHI relevant (excluding GB specific costs) - and should include IMT costs from the NDRHI share of the £750k - hence the view I calculated from the IT baseline signed off end June.

Overheads

I note these have double from oct to mar from the view Lola has sent through. This wasn't anticipated at the point the change control / budget was agreed with Dfe - so we need an explanation for this and may need to treat as a change request.

PAC

I understand your concerns, but the additional work is as you say in relation to PAC and without going into a lot of analysis I would suggest this equates to 3 band E and 3 SCS for a man month so c6months of a £120k salary = £60k

I have discussed briefly with Chris, but it is Chris's call as to whether he wants to pass that through to Dfe and how we treat that. One view is that it should be charged in full as it's in relation to NI work. The other is that it is corporate work. I do agree this needs to be kept in check and accounted for moving fwds.

As per my opening lines - my key concern is that for whatever reasons we have dragged out being able to provide DfE with the view and they need this today.

I would propose that we resolve the staff allocation by using the actual view I will send through shortly and also we need a sensible value in for IT to reflect the usage.

As PAC was not known at time we signed change control, I propose we consider that separately and raised a change request as required. We may need to do the same for the additional overheads - but suggest we see where the numbers land.

Happy to meet this morning to take forwards

Rgds
Gareth

Gareth John

On 28 Nov 2016, at 10:42, Peter Rice <Peter.Rice@ofgem.gov.uk> wrote:

Hi Teri

Sorry for the delay, that was due to my absence last week.

From our side we have some concerns about this issue and would like to have a meeting to include yourself, Gareth, Trish, Florentin and myself to understand why this request has been made and some of the other relevant issues, including what IT work you think is taking place and where your original documentation includes contributions to GWE, IM&T and Overheads.

Personally I am also keen to explore what we are doing about requesting additional funding from DfE for all the work that particularly yourself, Jane, Gareth and Edmund have been undertaking in relation to the PAC investigation etc. I know I mentioned this at ELT and to Gareth separately and asked what was being done about requesting more funding some months ago so I assume progress has been made in this regard.

On my return I wanted to ask Chris if he wanted to be involved and that has caused the delay in my setting up the meeting. Hopefully I will have a chance to ask him today.

Thanks for your patience

P

From: Lola Olateju

Sent: 28 November 2016 10:27

To: Peter Rice

Subject: FW: NI costs for each year [OFFICIAL Internal Only]

Importance: High

From: Teri Clifton

Sent: 28 November 2016 10:15

To: Lola Olateju

Subject: FW: NI costs for each year [OFFICIAL Internal Only]

Importance: High

Hi Lola

Can you let me know how you are getting on with this please, as I really need to get that purchase order raised this week

Thanks

Teri

From: Teri Clifton

Sent: 22 November 2016 08:32

To: Lola Olateju

Cc: Sajith Sasikumar; Wayne Reid; Gareth John

Subject: RE: NI costs for each year [OFFICIAL Internal Only]

Importance: High

Hi Lola

I am really keen to get something to them this week, ideally later today/tomorrow.

Unfortunately, we are still needing to give them a more detailed breakdown making sure it's working against the change control.

We need to add in IT (I have those numbers) think I mentioned this previously and as a result we need to reduce the staff

line. Can you adjust the staff line to 5% instead of 6% as I'm looking to reduce that by £40k. It may be that we need to go to 4%, which would be ok, let me know what looks closest.

Are you able to adjust from October or will it have to be November onwards for rest of year?

Once I have your revised numbers I'll add in the IT line and then we can finalise

Thanks

Teri

From: Lola Olateju

Sent: 16 November 2016 09:57

To: Teri Clifton

Cc: Sajith Sasikumar; Wayne Reid

Subject: RE: NI costs for each year [OFFICIAL Internal Only]

Hi Teri,

Has there been any progress on your request below. Has anything been sent to NI? We are still waiting to invoice for the 1st and 2nd quarter.

Regards,

Lola

From: Teri Clifton

Sent: 07 November 2016 17:01

To: Wayne Reid; Lola Olateju

Subject: NI costs for each year [OFFICIAL Internal Only]

Hi Wayne

Can you confirm what the actual costs were for NI broken down by each year as I need to confirm to DfE tomorrow (Tuesday)

Thanks

Teri

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