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[Notes from NI Lessons learned Meeting 050117.docx](#)
[EB 10 04 Annex B Initial outputs from lessons learned exercise.pptx](#)

All,

Thanks again for your input at the session last Thursday and for providing thoughtful reflections and open and honest views.

Teri has kindly captured the notes and I've summarised into some slides that include (a summary, key outputs, alongside the actions already taken and key points from the Ofgem / BEIS workshop in December) – note the pack is also going to ESB.

Both are attached – please let Teri/myself have any key changes or points you think have not been captured.

Next steps will be to take forward any actions as appropriate.

3 of the more immediate key strands are:

1. NI Specific – ensuring the virtual team remains in place and is strengthened as required to deal with current media interest and FOIs etc (GJ to arrange mtg with RHI/AH/JK to progress)
2. Feed into pan E-Serve Audit strategy for 2017/18 across schemes. (GJ/CH/DF – with input from all)
3. Links to the overall E-Serve review of assurance / governance (Tim is leading on this one)

Regards

Gareth

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Lessons learned workshop – Millbank - 5 January 2017 2-5pm

Attendees

Chris Poulton(Chair), Gareth John(Content Lead), Charles Hargreaves, Alison Hardie(By VC and phone), James Robinson, David Fletcher, Trish Dreghorn (by phone), Edmund Ward, Jane Pierce, James Kilmartin, Teri Clifton (minutes), Heath Hibberd

Introduction

Further to NI RHI Scheme developments in 16/17 and attendance to NI Public Accounts Committee and subsequent activity relating to the NI scheme, we held a workshop to reflect on any lessons learned. We agreed that this would form the basis of a report to E Serve Board, and would take learning points forward as appropriate pan – E Serve. The workshop consisted of a round the table reflection, followed by an open session on areas that should be taken forward.

Round the table reflection

Who	Thoughts
Chris Poulton	<ol style="list-style-type: none"> 1. Overall control –are we confident with our approach? 2. PAC preparation – how could we have better prepared, who should we have had advice from, better briefings 3. Project not BAU – should have brought in a team of people dedicated to all issues and backfilled as needed 4. Should we consider a different approach to administering schemes in general?
Gareth John	<ol style="list-style-type: none"> 1. Good team engagement and ongoing operational account management to meet needs. Could have had a more formalised approach to account management to cover admin arrangements. 2. Need better connections and stakeholder management in line with BEIS arrangements (Sarah Redwood/Gareth; Chris/Clive Maxwell) 3. Tighter controls in place for regular assurance with DETI/DfE 4. Risk log to show issues raised and DfE decisions log not to progress, and what Ofgem consider risk to be 5. We have been too reactive rather than communicating / planning in a formal way. This has now changed. 6. Wider team support could have been better – internally heat team worked very closely, but needed to be clearer about accountabilities and support outside of the team. 7. Process over last 3 months should have been projectised, as it would have been more efficient. 8. Should we challenge more? Could we have raised more points without blurring lines of our administrative role.

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<p>Charles Hargreaves</p>	<ol style="list-style-type: none"> 1. This is very much a policy issue as there were no cost controls. 2. Good to challenge our governance but don't deflect from this being a policy issue. 3. Root cause is policy and absence of cost controls – should we have taken on scheme knowing there were no cost controls in place? The scheme followed on from GB and thoughts have changed from then to now. 4. Proportionality important relevant to other schemes and £s. 5. More dry runs/dress rehearsals needed by people independent of the core team 6. Language – we should have controlled the use of 'gaming' and been firmer in saying it was not appropriate for auditors to use this language – it's either within the regulations or not.
<p>Alison Hardie</p>	<ol style="list-style-type: none"> 1. Prior to PAC we should have agreed a stakeholder management programme in line with Scotland and Wales to explain what we do. 2. We could have anticipated NAO report and reacted sooner, so that we didn't go to PAC cold. The MLAs knew nothing about Ofgem's work or role in delivering the scheme 3. Have PAC preparation people who are independent of the scheme. 4. Should have had more support in preparing the material and the numbers should have been available for each member to avoid confusion.
<p>James Robinson</p>	<ol style="list-style-type: none"> 1. Instructive to be caught up in politics in the raw form – lots of different agendas. 2. Briefing – needed more formalised independent set up. 3. Formal letters – lots of drafting by committee, difficult to have strict version control. Need to consider a different approach especially for time constrained letters.
<p>David Fletcher</p>	<ol style="list-style-type: none"> 1. Move to a SWAT team/project earlier. 2. Lack of a real challenge session in PAC preparation. 3. Policy tracking linked to operational delivery over the period of the scheme. 4. What is our ability to influence? 5. Original design conversations were around independence and not commenting on policy 6. Internal Comms could have been better in keeping people informed
<p>Trish Dreghorn</p>	<ol style="list-style-type: none"> 1. We could have been more consistent / frequent on internal messaging. 2. Basic principles – Don't take on work outside of our risk range. Should do a risk assessment. 3. Account management could have been better with a wider team. Small team were too close to the detail.
<p>Edmund Ward</p>	<ol style="list-style-type: none"> 1. Been working on this incrementally, not just last 3 months. 2. At what point should we have got a team together, not one defining moment – when PAC started perhaps?

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	<ol style="list-style-type: none"> 3. Corporate memory a big issue with staff turnover and scheme lengths generally 4. When you appear at the PAC you feel responsible for the organisation 5. It took a crisis to prioritise efficiently 6. Messaging/clarity, trying to be a good delivery partner 7. Were we too helpful? 8. Being in the detail is really important due to complexity – condensing messaging hasn’t been straightforward and all had to come through heat team for nuances. 9. Did we get wrong advice from DFP regarding opening statement and how to answer? We should have had chance to explain our role. 10. Red flagging – given me more confidence to raise issues and prioritise
Jane Pierce	<ol style="list-style-type: none"> 1. Small group of people in run up to PAC. 2. Not a massive group to draw on – would be good to have a virtual team to mobilise at short notice. 3. Knowledge management key – how to get phone calls/emails. 4. Difficult to get external relations support early on, luckily James K supported from the day he joined. 5. We should be more open and transparent in sharing information (eg audit reports) 6. Post PAC, should have had conversations earlier – so that we were aligned on drafting etc
James Kilmartin	<ol style="list-style-type: none"> 1. Expectation management – organisational impact. 2. Need to consider what report will say about Ofgem when produced. 3. Too many facts – should have thought about more lines to take – eg we struggled with the narrative on audits. 4. Should have spent more time on tactics, dynamics and personalities. Spent time on this with Dermot for separate committee.
Teri Clifton	<ol style="list-style-type: none"> 1. Difficulty with relationship – too friendly/where do we draw line 2. DfE are dealing with multiple priorities and need support at very short notice 3. We need to be clearer on what type of relationship we have, especially when looking at new work. The MOU clarifies expectations between us.
Heath Hibbard	No real reflections - feeding key points for Tim’s E-Serve assurance review

Ideas to take forward.

All of the above has been incorporated into an E Serve Board pack, with the following ideas being considered further:

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- Clearer audit strategy built on external expertise in statistical sampling to determine right level of checks
- Improved formal governance & controls
- Enhanced MOU building on existing governance

Issue Management

- Mobilise project team with skills to deliver at short notice – need to consider for ongoing NI issues / media management.
- Virtual pan Ofgem resource and defined roles / ownership

How schemes operate and delivery options

- Consideration to overall approach to how we set up with demand-led schemes. Risk assessment and a range of options along the risk/compliance spectrum (e.g. 100% site audits)
- Explore potential to use our people to complete application and audit at outset on site at start of process
- Use NI as an opportunity to consider benefit of meter readings on site in addition to site audits across RHI and other schemes.

Gareth John confirmed we would summarise the key themes , along with actions already taken as well as share the outputs from a similar workshop held with BEIS colleagues in December.

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Northern Ireland lessons learned Ofgem Internal - January 2017

What went well

How we operate

- ✓ Collaborative team working in heat scheme
- ✓ Decisions in line with the regulations and Admin Arrangements
- ✓ Detailed operational knowledge

Issue Management

- ✓ Heat leadership team able to mobilise to manage issues
- ✓ Formal letters completed in very tight timescales
- ✓ Tight-knit team responding to DfE/press urgent queries
- ✓ Clear response to PAC post attendance

Not So well (out of our control)

How we operate

- DfE not close enough to the data Ofgem provides each week
- Criticism at PAC we did not raise red flags policy/admin remit
- Unclear escalation levels within DfE
- Unclear why DfE did not under take cost controls – should we have challenged harder over and above flags raised?

Issue Management

- Advice given by NI DFP and Clerk on how to present information (no opening statement) for PAC should have been challenged

Not So well (within our control)

How we operate

- ✗ Audit strategy mirrored GB, no independent NI assessment
- ✗ More transparency on sharing site audit reports
- ✗ Didn't mirror stakeholder engagement with devolved Governments
- ✗ More formalised controls/governance – externally facing
- ✗ Clarity of 'type' of delivery partner
- ✗ Unclear corporate memory/document management

Issue Management

- ✗ Could have mobilised a project team as issues escalated and backfilled - including preparation material for PAC
- ✗ More support needed in preparing for PAC (briefings, independent support/challenge, use external resources if needed)
- ✗ Better version control when drafting urgent responses to PAC / enquiries

Even better if..... / Actions to take forward

How we operate

- Clearer audit strategy built on external expertise in statistical sampling to determine right level of checks
- Improved formal governance & controls
- Enhanced MOU building on existing governance

Issue Management

- Mobilise project team with skills to deliver at short notice
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How schemes operate and delivery options

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Jan 2017 lessons learned Key outputs (1)

How we Operate:

Our Day to Day / weekly approach on processes and controls

- Better knowledge management and accessible documents.
- Improved sign off of internal controls – e.g. Audit strategy with DfE

Approach to managing scheme through arrangements/DETI-type relationship

- More formal account management – include escalation routes so we can access influence senior figures within sponsor departments (at both AD and MD level)
- Approach to assurance and managing expectations and reputation
- Formalised approach to recording, raising and tracking “red flags” where we have concerns about the implications of a policy decision
- Consider (and periodically review) our approach as a responsible delivery partner, collaborative and constructive (but maintaining the right balance)
- Transparent and consistent approach to information sharing, MI requirements formalised and sent to business partners



Jan 2017 lessons learned Key outputs (2)

How we Operate:

Issue management:

- Manage major issues as a discrete project with a clear plan (acknowledging that this can be challenging where things are moving and changing rapidly)
- Consider virtual “ fast response” project team who can be mobilised at short notice for high priority pieces of work and who are able to assimilate complex information quickly
- Visible “war” /operations room as focal point for activity, meetings, information and documents
- Ensure we have influence over the language used in audit/review reports (e.g. to avoid use of terms such as “gaming” and ensure terminology is aligned to regulations)
- Be willing to more actively challenge where we thin reports etc are not correct
- Consider strategy for internal communications with consistent messaging during and after issue has occurred.

Jan 2017 lessons learned

Key outputs (3)

How we Operate:

Response to escalated scrutiny/media/committee involvement

- Involve other teams at an early stage, especially external affairs and E-Serve/central Comms colleagues
- Briefing etc leads should not necessarily be the same ones that are appearing before a committee
- Ensure numbers and lines to take are easily accessible
- Consider media/committee training for scheme senior managers
- Plan plenty of dry runs with independent members who are willing to be challenging
- Effective stakeholder management so that key stakeholders (e.g. MLAs) understand who we are and what we do – this could avoid misunderstandings and encourage stakeholders to be open to listening to our point of view.
- Identify clear leads and accountabilities (e.g. who is holding the pen?), strict version control and discussions about approach at an early stage
- Seek out and listen to external advice, but make the call based on our instincts/business/reputational needs (e.g. on opening statements) consider as part of wider picture

Jan 2017 lessons learned Key outputs (4)

How the scheme operates:

Design and Delivery:

- Is the current application based approach the right one? Should we consider a more active site visit approach, where we review the evidence on the ground?
- Formalised approach to recording, raising and tracking “red flags” where we have concerns about the implications of a policy decision
- Consider approach to due diligence, consider risk appetite before taking on new schemes/work. Agree risk appetite statements with each of our business partners

Metering , Audit strategy and other ongoing obligations

- Consider approach to meter readings, based upon our work on new NI proposals. Use this as a pilot for other schemes, including GB.
- Apply sound modelling for approach to audits and other controls, get clear sign off from lead Dept from the beginning and review regularly as the risk profile may change as schemes develop or as a result of wider factors. Consider common modelling approach across all schemes and seek external assurance to verify approach
- Consider de minimis approach to number of audits
- Agree coverage of audits, (for example whether they should go further than the regulations and include an assessment of “useful heat”)
- Consider whether we have in house expertise in statistical modelling (or consider engaging external experts) so that we have a sound basis for planning and decision making.

ofgem e-serve Making a positive difference for energy consumers **NI RHI – Actions already taken (1)**

Area	Lesson	Priority	Actions taken [note: many are NI RHI specific; see also Annex on joint BEIS/E-Serve actions]	Actions to consider for wider delivery
Governance – Internal	Minutes of meetings to be kept even when E-Serve may not be convenor	1	Agreed minutes of meetings taken since Nov 2015.	
	Internal consistency of all records – i.e. no creep between record-level and theme-level/activity level recording	1	Reviewed SOPs to ensure complete e.g. site suggestion log	
	Standard Operating Procedures (SOPs) Ensure SOPs are NI specific where required / and or link provides clear view More regular review and sampling of SOPs	1	All SOPs have been reviewed to meet PwC deadlines; ongoing controls in plan	Internal Control Statement
	Risk/Issue logs to be reviewed through a lens of an independent/non-expert – so they are relevant and specific enough - and then communicated to relevant stakeholders	1	NI risks and issues logs have been reviewed to meet PwC deadlines, and shared with DFE	
	Archive/record keeping – retrieving documentation including sharepoint and email records	1	Records have been consolidated to support activities and engagement on NIRHI over past months	<ul style="list-style-type: none"> • Specific owner for knowledge mgmt • Phone records • Email indexing on sharepoint

ofgem e-serve Making a positive difference for energy consumers **NI RHI – Actions already taken (2)**

Area	Lesson	Priority	Actions taken (note: many are NI RHI specific; see also Annex on joint BEIS/E-Serve actions)	Actions to consider for wider delivery
Governance – partnership/ responsibilities	Minutes of meetings to be kept even when E-Serve may not be convenor	1	Minutes of meetings with DfE being kept	Standard approach/best practice adopted and reviewed
	Feeding back operational findings/policy observations These should be: <ul style="list-style-type: none"> - Documented / discussed at all levels - Flagged appropriately - Escalated where required Mechanisms for discussing compliance should be: <ul style="list-style-type: none"> - Agreed up front - Parameters/ responsibilities/ boundaries should be agreed 	1	Updates to issues and risks (including on policy intent areas) and these have been shared with DfE Escalation of risks/issues where appropriate including senior level correspondence	under review
	Understanding the portfolio (roles/responsibilities) Approach to shared responsibilities should be: <ul style="list-style-type: none"> - Documented (e.g. Arrangements); but also - Reviewed jointly to avoid disagreement/surprises 	1	Updates to MOU have been suggested, and have been subject of detailed discussions including at NI Boards	
	Raising red flags <ul style="list-style-type: none"> • Raising red flags 	1	We have escalated issues and red flags	MOU route Account management

ofgem e-serve Making a positive difference for energy consumers **NI RHI – Actions already taken (3)**

Area	Lesson	Priority	Actions taken (note: many are NI RHI specific; see also Annex on joint BEIS/E-Serve actions)	Actions to consider for wider delivery
Assurance	Balance of assurance checks <ul style="list-style-type: none"> Application check as control point Formalising risk appetite statement 	1	Feedback in this regard has been sought from DfE, including comments on updated NI audit and counter fraud strategies	E-Serve review for consistent approach
	Scale and scope of audits <ul style="list-style-type: none"> Establishing a baseline in line with shared agreement on risks Reviewing and responding, escalating where required 	1	We have continued to deploy BAU audits but our ongoing NI strategy is dependent on DfE site inspection intentions	E-Serve review for consistent approach
	Feeding back operational findings <ul style="list-style-type: none"> Industry/on the ground engagement 	1	We have shared all audit reports and discussed themes and findings with DfE	
	Understanding the portfolio (roles/responsibilities) <ul style="list-style-type: none"> Clarity on responsibility for identifying (a) compliance and (b) policy intent issues 	1	We have addressed the scope of audits and approach to enforcement as part of ongoing engagement with DfE	

ofgem e-serve Making a positive difference for energy consumers **NI RHI – Actions already taken (4)**

Area	Lesson	Priority	Actions taken [note: many are NI RHI specific; see also Annex on joint BEIS/E-Serve actions]	Actions to consider for wider delivery
Issue Handling	Importance of early engagement/support from other teams (e.g. Central Comms)	2	Core group for all NI activity	
	Comms/External Relations: clarity on crossovers between media/political engagement and within-scheme/within-E-Serve/drawing on Ofgem Corporate functions	2	Ongoing discussion to confirm roles and responsibilities	
	Consideration of Media training	2	Tbc	
	Approach/best practice on responding to committees	2	Tbc	



NI RHI – BEIS Workshop on Lessons Learned for GB

Item	Immediate Actions	Governance mechanism
<p>Governance, including:</p> <ul style="list-style-type: none"> - How Ofgem feed back operational findings - Industry/on the ground engagement - Mechanisms for discussing "gaming" 	<p>1. Share risk/issues registers:</p> <ul style="list-style-type: none"> • monthly risk review pre-project board (BEIS) • monthly risk review pre-Ofgem Board (Ofgem) • monthly joint review of scheme and operational risks (BEIS/Ofgem) • Quarterly risk deep-dive pre-RHI Ops Board <p>2. standing agenda for risk review:</p> <ul style="list-style-type: none"> • review current risks • consider any new risks, including: <ul style="list-style-type: none"> ○ referrals from operational decisions ○ stakeholder feedback ○ correspondence / whistleblowing ○ MI <p>3. Joint Risk Appetite statement (RAS)</p> <ul style="list-style-type: none"> • circulate RAS (Alex) • Review RAS (w/c 9 January) 	<ul style="list-style-type: none"> • RHI Project board • Monthly deep dives
<p>Review effectiveness of application check as control point</p>	<p>1. Ofgem to document and summarise the approach and rationale, considering powers/ limitations for both RHI schemes.</p> <p>Review w/c 16 January</p>	<p>Test output versus joint risk appetite statement.</p>



NI RHI – BEIS Workshop on Lessons Learned for GB

Item	Immediate Actions	Governance mechanism
<p>Meter readings</p>	<p>1. Review approach to meter readings:</p> <ul style="list-style-type: none"> • Confirm whether absence of validation is a particular risk in GB ○ data from PDS, compliance (Ofgem) ○ SPFs evidence - BEIS (Penny D) 	<p>Jan Ops Board</p>
<p>Scale and scope of audits</p>	<p>1. Ofgem to summarise the approach and rationale, including:</p> <ul style="list-style-type: none"> • Announced/ unannounced audits[and others experience]; • reacting to changes in volumes/ technology <p>next steps:</p> <ol style="list-style-type: none"> 1. Rationale fed into Jan 17 review of audit strategy (Ofgem) 2. discuss at next Quarterly Non-Compliance Meeting 	<p>Quarterly Review and sign off of 2017/18 strategy ahead of April 2017.</p>