

**To:** James Kilmartin[James.Kilmartin@ofgem.gov.uk]  
**From:** Edmund Ward  
**Sent:** 2017-01-23T19:32:51Z  
**Importance:** Normal  
**Subject:** RE: Draft email to Andrew? [OFFICIAL Internal Only]  
**Received:** 2017-01-23T19:32:53Z

Thanks James, both very good points, I'll update draft.

Chris was not in today so expectation is slight redrafting following our meeting tomorrow – but we'll be raising these points then.  
Edmund

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**From:** James Kilmartin  
**Sent:** 23 January 2017 10:57  
**To:** Edmund Ward; Chris Poulton  
**Cc:** Jane Pierce; Teri Clifton; Alison Hardie; James Robinson  
**Subject:** RE: Draft email to Andrew? [OFFICIAL Internal Only]

Thanks, Edmund. I'll leave the policy detail to you and other, but a few thoughts from me:

1. On point (2) given we have previously explained that the DfE is responsible for making the scheme's Regulations, it now looks as if we are inputting into draft Regulations. Clearly, if the DfE is using our experiences as the administrator to inform its approach to the Regulations, that must be a good thing, but I wonder if we need to explain it in a way that is consistent with our respective roles and our account of our performance so far?
2. On point (3) on the assumption that we don't accept their characterisation of our performance, I think we should clearly say so, and not just ask for their clarification. Otherwise there's a risk that it may look as if we accept what they're saying. No need to make a big deal of it, or let it dominate the rest of the letter, but worth pushing back in my opinion.

Hope helpful,  
James

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**From:** Edmund Ward  
**Sent:** 20 January 2017 16:54  
**To:** Chris Poulton  
**Cc:** Jane Pierce; Teri Clifton; Alison Hardie; James Kilmartin; James Robinson  
**Subject:** FW: Draft email to Andrew? [OFFICIAL Internal Only]

Hi Chris/All

See below a proposed email to Andrew McCormick, following sessions this week. In terms of handling, intention that this is an email rather than formal letter, but still makes the relevant points for the record, while giving option of establishing a better dialogue going forward.

Kind regards  
Edmund

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Dear Andrew

I'm writing further to your attendance at the Economy Committee on 16<sup>th</sup> January and the PAC on 18<sup>th</sup> January.

I'm conscious that we've been exchanging letters, and I understand that I can still expect a response to my previous letter of 22 December 2016 but given the rapid pace of events regarding the RHI scheme in Northern Ireland, I was keen to contact you to clarify a few key areas as a matter of priority.

1. Approach to ongoing administration, including audits, during 2016/17

We are still lacking clarity on whether you are seeking any change in approach relative to our current arrangements. Our teams have engaged on a draft MOU and but I understand that we are still awaiting further feedback from DfE. We also shared our updated draft audit strategy for the remainder of the current financial year on 14th December 2016, and are yet to receive a response. There are also a number of other items outstanding, including items which relate to actions from PwC recommendations where we cannot progress further without input from the Department the most pressing of these is perhaps the draft Counterfraud Strategy. I have ensured we have prioritised these actions within Ofgem to meet all the agreed deadlines, but I am concerned that without appropriate joint input on these there will be risks to our joint delivery of the PwC recommendations and, ultimately the administration of the scheme.

Our teams are meeting in Belfast on Tuesday, but I have instructed my officials to continue to operate in line with the existing arrangements, including deploying up to a further 25 unannounced site audits over the remainder of this year. The delay to date on responding to our audit strategy has already put this at risk, and we are not in a position to incur further delays on this area.

2. Additional approaches to April regulations, 100% inspections and initial and/or ongoing meter readings

Further to our discussion on Ofgem's input into draft regulations, my team were asked to provide a very rapid response on a draft of the proposed 2017 amendments. We responded on this, but were surprised to see that these were laid without our knowledge or awareness, and without any indication that these were being considered to be laid to that timescale. Going forward, I would ask that we are apprised of proposed timetables relating to legislative plans and any other areas that may have an administrative impact.

3. References to Ofgem processing and tenders

In the Economy Committee meeting on Monday, the Economy Minister made reference to Ofgem being 'too slow to act', that he expected to use us 'in the short term' but that the Department would be 'going out to tender soon'. I would be grateful if you could clarify, in the Department's view, what areas have been slow, and any areas where you may be planning to make changes that would have an impact on the current arrangements between DfE and Ofgem.

4. Cost impacts

Conscious of the above areas, I flag that there may be additional costs in Q4 2016/17, including associated projects to support regulations/systems/process changes. I have asked my team to consider this further once we have greater clarity on what is expected over the remainder of 2016/17 and beyond, but I should flag at this stage that where we incur additional effort as a result of changes, we will need to secure further funding to support that activity as per our existing change control procedures.

5. Contact and escalation points

I understand you now have a task force in place, and this will provide some useful clarity in managing ongoing dialogue between our teams. However, I am keen to ensure that we maintain ongoing dialogue at all levels, so that we can engage and escalate where appropriate. I would be grateful if you could confirm overall reporting lines that would be relevant to this, at both SCS and official level. I'd be happy to discuss any of the items above, and am keen that these points are addressed to enable a productive meeting between our teams on Tuesday 24<sup>th</sup> January.

Kind regards

Chris

[Internal Only]