
From: McCutcheon, Joanne [<mailto:Joanne.McCutcheon@detini.gov.uk>]

Sent: 23 October 2013 11:10

To: Teri Clifton

Cc: Hutchinson, Peter; Thompson, Sandra

Subject: Finance

Teri

(1) The Baseline Scope (Dec 2012), provided by Ofgem, contained forecasted operating costs but stated (para5.8) that 'Actual costs will be charged in line with the calculations at para 5.12.

DETI Costs= Total RHI operating costs* Value of NI Tariff Payments/Value of Total (NI+GB) tariff payments

When you and Matthew visited us in May, Matthew indicated that he now felt that this formula might not cover Ofgem costs. He suggested that the arrangement should be changed to 3% or the formula – whichever was higher. We expressed some concern at the 3% figure and how this would pan out if NI payments turned out to be very low and you agreed to look at this again. You kindly sent us the e-mail below in September but as we discussed at the time, item 1 is based on numbers not payments.

We are now seven months into the financial year and we urgently need to close this issue. If we do not receive an official change control request (para5.16) by 28 October we will have to assume that current arrangement stands.

(2) In addition, we are still waiting for details of costs to date for 2013/14. I have been chasing this for some time – the last response I received from Matthew was that Ofgem was waiting on a Purchase Order to which I responded on 3/9 as below

Matthew

We cannot raise a purchase order until we know how much the invoice is for and also that we are content to pay it. This is what has happened for previous payments. Therefore if your Finance team could confirm details of the amount and how it was arrived at then we could then take it forward at our end.

Thanks

Joanne

It is important we sort out these two issues by close of play Monday 28 October. This is the deadline for me to make returns to our October Monitoring exercise - where I need to bid for or release money.

Regards

Joanne

From: Teri Clifton [<mailto:teri.clifton@ofgem.gov.uk>]

Sent: 17 September 2013 15:58

To: Hutchinson, Peter; McCutcheon, Joanne

Cc: Jacqueline Balian

Subject: DETI requests

Dear Peter and Joanne

Firstly, please accept my apologies in the delay in coming back to you. I've now taken a look at each of the queries as detailed below. As I mentioned to Peter on the phone, we are still struggling especially around the data sharing, but I am still pursuing this on your behalf.

1. Staffing costs 2013/14

Based on our discussions around staffing costs you asked me to look at actual costs against the proposed 3% we had suggested earlier in the year. As we discussed, at outset, the costs were higher than 3% due to operational set up costs. As predicted this has now reduced, and submissions for August were 2.77% of the GB scheme and approvals higher at 4% of GB scheme numbers. We have looked at this in more detail and for 2013/14 we would recommend that overall 2% would be more appropriate for audit, recruitment, IT and staffing costs for this year. I explained to Peter that I have had difficulty breaking this down further as we have a number of staff working on both GB and NI schemes due to the volumes, and as predicted we have had to train new staff on the scheme in the last two months.

2. Audits

Within the figures in point 1, an allowance has been made for 5 audits to take place in this financial year. Now that we have had 30 approvals since outset, we would like to suggest that all of these take place in October, and are lining up the resource to make this happen, to give confidence in the accreditations that have been approved. After the initial results, you may wish us to arrange further audits. If you would prefer a larger number to be audited in October, please let me know as we will need to discuss additional funding for this.

3. Data sharing

I continue to encounter difficulties with this one, but I haven't given up hope of finding a suitable resolution. The issue now seems to be moving to data storage and whether, if we set you up as separate data controllers, could we legally pass this data to you. I'm afraid it looks like we need another round with our lawyers on this one before reaching a practical solution.

4. Forecasts for 2014/15

Based on the numbers for the last two months, you have had 9 approvals each month (30 since scheme inception). If I match that back to the same months in the GB scheme, overall the NI RHI scheme is tracking at 6% of the GB scheme each month. If I project that forward and keep to 6% of the actual GB numbers, you will have 74 accreditations approved at the end of the financial year (2013/2014). Please can you whether that feels realistic and let me know what growth plans you are likely to have for 2014/15.

As I mentioned to Peter, I am now away until 1 October, but I will arrange a call to discuss this further on my return.

Kind regards

Teri

Teri Clifton

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