

To: Charles Hargreaves[Charles.Hargreaves@ofgem.gov.uk]
From: Peter Rice
Sent: 2012-10-29T10:39:06Z
Importance: Normal
Subject: RE: E-Serve Scrutiny meeting outcome
Received: 2012-10-29T10:39:00Z

Thanks Charles
P

From: Charles Hargreaves
Sent: 29 October 2012 09:57
To: Peter Rice
Cc: Jane Moorhouse; Robert Hull; Tricia O'Donnell
Subject: RE: E-Serve Scrutiny meeting outcome

Peter

To answer the questions below

CERT/CESP responsibility: I have spoken to Anthony Pygram on a number of occasions about this. It is clear where the line of responsibility lies and there is no overlap between the teams. Since the submission of the bid we do have more clarity on where each of the companies stands on its mitigating action and we lose a couple of heads from these teams. There is no double counting on the consultancy, although again with the activity being drawn to a close soon rather than later we might be able to save some money. I will run through with Tricia.

Procurement of audits: We have maintained a flat budget for this activity. This reflects the savings given that the schemes are increasing in value, are becoming more complex and will see change in April that is likely to increase our audit requirements. The base cost of the audits is less, but the additional audit requirements is likely to take the overall cost of this work back to the original level.

WHD people: Having had further discussions with DECC, this work is now likely to come through later in the year. I would change this to circa 3 people for 8 months ie £80k. In the upcoming years there could be ongoing work due to an increase in complexity, which is difficult to quantify, but this can be softened to two people: £80k.

Charles

From: Peter Rice
Sent: 29 October 2012 07:28
To: Charles Hargreaves
Cc: Jane Moorhouse; Robert Hull
Subject: FW: E-Serve Scrutiny meeting outcome

Charles

Can you please let me have a response to 2, 4, 11 and 12.

Can you also confirm the £120k on WHD that was going to be removed split by cost types (i.e. Staff FTEs and Costs, Consultancy and Other costs).

Can you please provide me with something by 3 today as Finance are expecting our response.

Thanks

P

From: Jonathan Taylor
Sent: 22 October 2012 17:15
To: Stuart Cook; Robert Hull; Sarah Harrison; Elizabeth Hillman; Matthew Harnack; Jacqueline Balian; Martin Crouch; Charles Hargreaves; Peter Rice; Tricia O'Donnell; Paul Heseltine; Carlton, Walter (UK - Edinburgh)
Subject: E-Serve Scrutiny meeting outcome

Following the E-Serve scrutiny meeting last Thursday I just wanted to thank you all for a really useful meeting and to confirm the following actions.

1. Martin Crouch – to provide unit cost data on the current and new tender rounds to demonstrate a reduction

I need to talk to Martin about how this should be calculated.

2. Charles Hargreaves - CERT/CESP – to liaise with the Sustainable Development compliance team to ensure no double counting of consultancy or staff

Need confirmation from Charles

3. Peter Rice - More detailed breakdown of Licence fee estimated costs.

The following is as far as I have got. I am pretty happy the policy team numbers and the MD's Office numbers are ok but I have not worked out the legal numbers as yet.

2013-14

SMT and other Corporate Support

Senior Management time (DECC interaction, SMT, GEMA, Mgt & Strategy etc.)	259,190
E-Serve Financial Management	436,031
PIP	156,371
Legal Advice to Senior Mgt/GEMA etc	-
Legal Advice to Corporate Functions	-

Legal - FFL, LECs, REGOs	63,450
Offshore	
Monitoring & Compliance	135,887
Certification	212,799
ITPR/Co-Ord'n/Energy Bill	1,525,452
Environmental Programmes	
CESP	848,491
CERT	971,175
Total	4,608,846

4. Environmental Programmes – demonstrate that savings for the procurement of audits has been included and identify how much that saving is.

Charles!

5. Peter Rice – To supply the E-Serve management allocation by scheme, to include MD's office, PIP work, Legal and new scheme costs not already allocated to RHI and ECO development

	MD's Office	Legal
Codes & Frameworks	236,449	6,884
Monitoring & Compliance		77,598
Certification		-
Enduring		-
Co-Ordination		145,878
Energy Bill		53,240
3I's Project		28,117
Policy & Incentives		8,389
TR1		-
TR2a		128,574

TR2b		102,746
ET1&2		251,367
Future Tenders		37,370
New Schemes - RHI	115,675	111,384
New Schemes - FIT	31,718	44,419
Current Schemes - FIT	13,881	114,652
New Schemes - RO Sustainability	19,290	15,929
New Schemes - ECO	62,837	138,552
New Schemes - Exempt Networks	-	-
New Schemes - RHINI	6,861	26,748
Green Deal	-	-
EMR	-	-
Current Schemes - RO	13,881	103,342
Current Schemes - CESP	13,881	36,748
Current Schemes - CERT	13,881	37,191
New Schemes - WHD	-	44,974
RO Infinis JR		-
Third Package		-
Delivery Review		-
Procurement		28,860
GEMA Advice Etc.		200,000
E-Serve Strategy	-	-
PIP	156,371	
Licence Funded Costs	695,221	

Total 1,379,944 1,742,962

3,122,906

Legal Numbers not worked out yet (need to redo) but is this what is required?

6. Peter Rice - Full funding breakdown by scheme

I assume that since funding equals costs this is the same as total costs per scheme for 2013-14. Is that right?

This is going to take some doing – I will have to get on with it Monday

7. Peter Rice - Detailed breakdown of legal costs

See 5 above

Or is it showing legal staff plus where the consultancy is?

8. Matthew Harnack –Breakdown of costs of the New Scheme Development team (Excluding all schemes already split out) and how this will be funded

9. E-Serve to demonstrate how PIP savings (Estimated at 10% to 30% in the meeting) have been applied

Bob/Stuart – advice what to include

9 – I think this action was to explain how we have baked in the 30% saving into the RHI numbers. The other savings will only become clear when the teams have completed their detailed benefits realisation planning (currently underway). I think we agreed to come back when this work is complete, recognising that this may not be immediate.

I need to talk to Jacqueline to understand exactly how the savings have been calculated. I know the FTEs are based on volumes for the Operations team but I have to understand them better.

10. Stuart/Bob to arrange external consultancy for the PIP project to be brought forward to this financial year (2012/13)

We will do this by accruals if necessary (for consultants and for staff costs – e.g. Clive Sparrow)

11. All E-Serve to revisit staff plans to re-phase new posts realistically instead of a full year for all staff

Will ask teams to look at this

12. All E-Serve to look at all plans to make sure they are realistic, deliverable and will receive full funding

Not sure what to do – say “o.k.!!!”

Items to be moved to the “wish list” for decision by SMT

- Additional ITPR staff from Offshore and Legal (This is in line with all divisions)
- Additional Legal post

Items expected to be ring-fenced

- RHI Domestic
- ECO 15/16 onward costs

Items removed to potential calls on contingency

- WHD Move £120,000 fuel poverty strategy to contingency items

- Maternity cover in legal in excess of current levels of 3 staff during part of 2013/14. Legal maternity leave - I thought the challenge related to the back end of the plan. Liz will definitively require cover in the early years.
- The increase for 2013-14 is based on four factors; maternity cover, the increasingly complex nature of the schemes, the threat of litigation and the inability of the team (at current size) to cope without adding unacceptable risks to the division. For future years we are assuming that the pressure of maternity cover will reduce but that the other factors continue on an upward trajectory.
-

Action for Finance that applies to all divisions, to revise the £3,500 allocation for travel, training etc as historically the organisation has under spent this part of the budget. There is also a proposal to incorporate a staff churn reduction within the salary budget

Please note that this does not mean that the rest of the budget has been approved, further challenges at SMT will be required.

Any queries please let me know,

Jonathan

Jonathan Taylor

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