

**To:** Paul O'Donovan[Paul.O'Donovan@ofgem.gov.uk]  
**Cc:** Sajith Sasikumar (Sajith.Sasikumar@ofgem.gov.uk)[Sajith.Sasikumar@ofgem.gov.uk]  
**From:** Peter Rice  
**Sent:** 2014-07-14T09:29:43Z  
**Importance:** Normal  
**Subject:** RHINI  
**Received:** 2014-07-14T09:29:00Z

Paul

After the rather ridiculous situation of last week I am writing down my view of where we are. I am going to stay relaxed about this but there are some relatively serious implications for the business.

What is the situation?

We have set up budgets based on information provided by Gareth and his team. That information includes allocation of some (but not all staff) to 3% NI and 97% GB. Those resource requirements come up with the figure of £129k. Gareth saw that number at MC and did not question it.

It appears that Gareth has come up with a different figure (with Teri's help) which could be £265k but now seems to be £207k. The figure of £207k seems to have been arrived at by stating it is 3% of the £6.9m agreed with DECC. However, if all resources were to be split 3%/97% it should be 3.093% which equates to £213.4k (so maybe their math is not very good!). That calculation of course goes against all the information they have given us to date (i.e. that only some staff costs are split and that there is no consultancy relating to NI!).

This situation is starting to feel systematic of the way Gareth is managing finances. Last week I found Steve Blackie working on a financial cost model, which he tried to hide from me. When I asked Steve why he was producing a model he told me that he agreed he shouldn't be, but that he was told to do it by Gareth.

We are a long way down the road of setting budgets and this is just another issue that is going to hold it back. Since it is not of our making I suggest we carry on regardless and that Gareth is asked to provide all the information we need. He can then ask Bob for additional budget out of contingency on a team basis.

#### **Suggested way forward**

I carry on producing budget packs.

Someone talks to Gareth to explain:

- He needs to keep finance updated on his negotiations on costs,
- He should not be telling Sara what to include in the Balanced Scorecard for costs, that should come from Finance and he should ensure we have the right information.
- He needs to stop asking his team to produce Finance Models, it is duplication and confusing for all and inefficient.
- He should provide Finance with the consultancy costs he expects to spend on NI immediately
- He should learn maths

Someone should tell Sara Goff to include the figures Finance provide and not any others.

However, your call

Thanks

P

**Peter Rice**

Head of Finance and Administration

MD's Office

9 Millbank

London

SW1P 3GE

Tel: 020 7901 7192

[www.ofgem.gov.uk](http://www.ofgem.gov.uk)

**ofgem e-serve**