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From: Laura Missingham

Sent: 2013-09-30T16:23:47Z

Importance: Normal

Subject: E-SERVE PROGRAMMES COMMITTEE PACK_MONDAY 7 OCTOBER 2013

Received: 2013-09-30T16:23:48Z

[EPC - Agenda OCT 2013.docx](#)

[E13_30_Minutes of July 2013 EPC meeting.docx](#)

[EPC Action Log_2013 actions.xlsx](#)

[E13_31_Quarterly E Serve report.docx](#)

[E13_32_Programmes Financial Report.docx](#)

[E13_32_Annex 1.pdf](#)

[E13_32_Annex 2.pdf](#)

[E13_32_Annex 3.pdf](#)

[E13_33_Domestic RHI project assurance.docx](#)

[E13_33_Domestic RHI Annex One Assurance Framework.xlsx](#)

[E13_33_Domestic RHI Annex 2 Project Governance Arrangements.pptx](#)

[E13_33_Domestic RHI Annex 3 Assurance Schedule.docx](#)

[E13_34_MoU implementation progress\[1\].docx](#)

[E13_35_ECO Hard to Treat Cavities and excess actions.pptx](#)

[E13_36_E-Serve Continuous Improvement.pptx](#)

[E13_38_Fraud Management Update\[1\].docx](#)

[E13_39_Internal Audit Reports.docx](#)

[E13_33_RHI site audit programme.pptx](#)

[E13_37_E-Serve Top Risks.docx](#)

Dear All,

Please find attached the papers for the EPC meeting scheduled for Monday 07 October, 2pm, at Ofgem.

Jim, Brendan, David and John have been sent hard copies in the post.

Please do not hesitate to contact me should you have any questions.

Kind regards,

Laura

Laura Missingham

Scheme Development Manager

New Scheme Development

9 Millbank

London

SW1P 3GE

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http://sharepoint/Ops/Environ/New_Scheme_Development_Lib/Management Reporting/E-Serve Authority Subcommittee/2013.10/Preparation/Laura Missingham_30Sep13 17.23.46 E-SERVE PROGRAMMES C.msg
on 30 Sep 2013 05:34:46 using MacroView DMF

Annex 1

Cost and Income Statement for E-Serve Schemes as at 31 August 2013 (Including Domestic RHI)										
Scheme	Funding	Frequency	Year To August			Full Year Forecast			Run Rate % (August: 42%)	Run Rate Status
			Cost	Income	Variance*	Cost	Agreed Funding and Income	Variance*		
CESP	DECC	Monthly	£325,827	£325,827	£0	£482,000	£482,000	£0	68%	●
WHD	DECC	Monthly	£245,088	£245,088	£0	£924,825	£924,825	£0	27%	●
RHI Non-Domestic	DECC	Monthly	£2,599,213	£2,599,213	£0	£7,183,889	£7,183,889	£0	36%	●
Domestic RHI	DECC	Monthly	£895,470	£895,470	£0	£5,053,969	£5,053,969	£0	18%	●
FIT	DECC	Monthly	£1,187,986	£1,187,986	£0	£2,720,290	£2,720,290	£0	44%	●
ECO	DECC	Monthly	£1,273,231	£1,273,231	£0	£3,328,000	£3,328,000	£0	38%	●
DECC Funded Total			£6,526,817	£6,526,817	£0	£19,692,973	£19,692,973	£0	33%	
RO / ROS	Each scheme	Annual in Sept	£1,623,051	£1,623,051	£0	£4,246,533	£4,246,533	£0	38%	●
NIRO	NI Office	Quarterly	<i>included in above</i>			<i>included in above</i>				
NFO / SRO	Other Gov Department	Monthly	<i>included in above</i>			<i>included in above</i>				
CCL exemption Renewables	HMT RECHARGE	Vote from Parliament	£97,110	£97,110	£0	£232,081	£232,081	£0	42%	●
CCL exemption for CHP	(APPLICABLE TO ALL RTMS, CIMS & REGOS WORK)									
REGOs										
Renewables & CHP Sub Total			£1,720,161	£1,720,161	£0	£4,478,614	£4,478,614	£0	38%	
CERT (Energy Efficiency)	Licence Fee	Jun & Dec 13	£295,720	£295,720	£0	£574,122	£574,122	£0	52%	●
Other (eg. lic. fee costs, Offshore Licence & Tender Fee)	Staged Payments		£2,676,395	£2,676,395	£0	£8,839,170	£8,839,170	£0	30%	●
Other Scheme Totals			£2,972,115	£2,972,115	£0	£9,413,292	£9,413,292	£0	32%	
Planned Savings						£4,630,877	£4,630,877			
E-Serve Total			£11,219,092	£11,219,092	£0	£38,215,756	£38,215,756	£0	33%	excl. savings

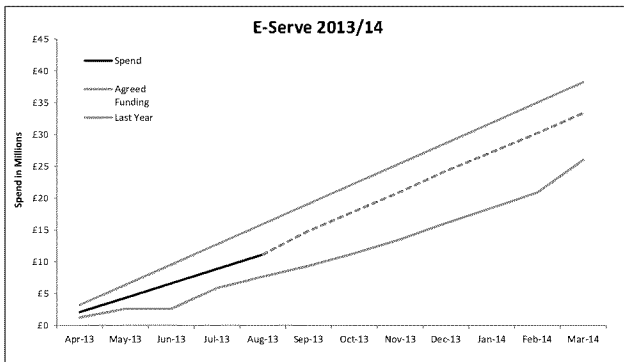
Notes

- Variance in RED denotes under recovery, variance in **BLACK** denotes estimated Scheme underspend
- Schemes invoiced monthly are invoiced in arrears. An accrual has been included in income to reflect this.
- Agreed funding as per Ofgem/DECC agreement. Letter dated 30 August 2013 from John Fiennes refers.
- Run Rate of 42% calculated for August 2013 as standard five months out of twelve months
- RAG Tolerances: Showing Run Rate of individual Schemes against agreed funding.
- Run rate % indicates the project is **broadly in line** with agreed funding
- Run rate % indicates some **limited scope** for underspend or overspend
- Run rate % indicates **significant** underspend or overspend is likely

Rolling Blended Day Rate (inc O/H)

Total Cost per person per day	
Team Costs	£267
Team Costs inc IT staff costs	£285

*Based on 21 working days



For Information

Title:	E-Serve Risk Management - Top Risks Status [E13/37]
Purpose:	To provide the EPC with a summary of the top E-Serve risks (October 2013)
Project:	n/a
Timing:	n/a
Project sponsor:	Robert Hull
Author and contact:	Shaun Scullion

For attention of
**E-Serve
 Programmes
 Committee**

Date of meeting
07/10/2013

Date of submission
30/09/2013

Security level
Protect

Security descriptor
Market Sensitive

Previous papers

1 Introduction

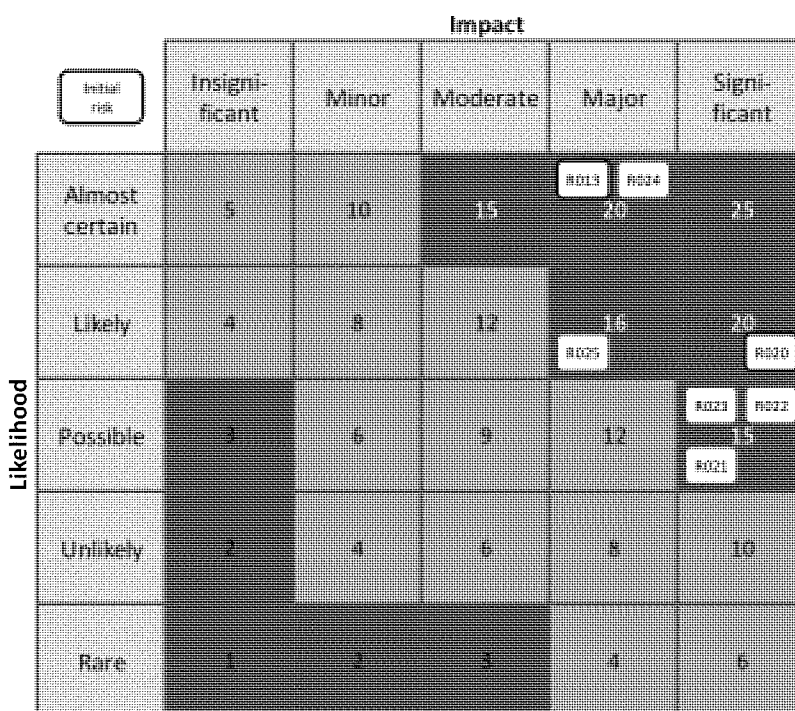
- 1.1 E-Serve Management Committee (MC) routinely review and discuss E-Serve risks at their meetings. **EPC are asked to:**
 - Note the E-Serve top risks as determined by MC and summarised in this paper
 - Provide any comments on the E-Serve top risks register (appended)
- 1.2 The controls and actions taken, and planned to be taken, to mitigate these risks are described in the full risk register which is available upon request.

2 E-Serve Top Risks and Status – October 2013

Risk ID	Risk	Initial Impact	Initial L'hood	Initial Risk Rating	Residual Risk Rating
R013	There is a risk that a Scheme or Schemes may be inefficient and/or ineffective in delivering desired outcomes due to sub-optimal policy design, hasty delivery timetables, action or inaction by (non-Ofgem) Scheme participants, vested interests undermining Scheme accomplishment and a lack of commitment from Government or other key stakeholders which would undermine Scheme operation and performance leading to poor vfm, consumer detriment, susceptibility to fraud and malpractice, reduced Exchequer receipts and reputational damage to Ofgem.	5 Significant	4 Likely	20	12
R024	There is a risk that we may not successfully implement and operate the RHI Domestic Scheme due to a lack of sufficient detail and resource to adequately plan and develop the Scheme, potentially leading to challenges, Scheme misadministration, reputational damage and failure of the RHI Domestic Scheme to achieve its intended contribution to the heat strategy.	5 Significant	4 Likely	20	12
R020	There is a risk that our decisions may prompt legal or other challenge , and increase the potential for gaming by participants due to a failure to robustly assure and risk-assess our decisions, a constriction of the subsidy regime and RO banding changes which creates uncertainty and instability and may damage the credibility of the Schemes and the way they are administered	4 Major	5 Almost Certain	20	12
R025	There is a risk that our operation of a Scheme or Schemes may be inefficient and/or ineffective in achieving desired outcomes because of inadequacies of failures due to human error, flawed processes or systems or other external events, resulting in ineffective procedures which hinder Scheme implementation and undermine Scheme usability and performance as well as increasing the likelihood of human error, deliberate fraud and malpractice, leading to poor vfm, consumer detriment and reduced Exchequer receipts.	4 Major	4 Likely	16	12
R021	We may fail to attract, recruit and retain sufficient numbers and calibre of people (particularly at Manager and Senior Manager level) to keep pace with existing and future demands on E-Serve due to the likely increasing volume and complexity of work, a convergence of delivery timelines and competition in the employment market leading to demotivation of existing staff and potential failure in meeting key objectives and/or statutory duties.	5 Significant	3 Possible	15	12
Risk ID	Risk	Initial Impact	Initial L'hood	Initial Risk Rating	Residual Risk Rating

R023	Insufficient budgetary resources provided by DECC to fund E-Serve-administered schemes due to financial constraints imposed by the Department could jeopardise delivery of one or more Schemes.	5 Significant	3 Possible	15	12
R022	Perception that our decisions are instructed or unduly influenced by political, commercial or any other vested interest group could undermine confidence in our independence which may invite challenge on grounds of breach of our public law duty to carry out our statutory functions independently and/or undermine investor confidence.	5 Significant	3 Possible	15	9

E-Serve Top Risks Footprint



Risk No.	Risk
R013	There is a risk that a Scheme or Schemes <i>design</i> may be inefficient and/or ineffective in delivering desired outcomes
R024	There is a risk that we may not successfully implement and operate the RHI Domestic Scheme
R020	There is a risk that our decisions may prompt legal or other challenge
R025	Risk that <i>our operation</i> of a Scheme or Schemes may be inefficient and/or ineffective in delivering desired outcomes
R021	Risk we may fail to attract, recruit and retain sufficient numbers and calibre of people
R023	Insufficient budgetary resources provided by DECC to fund E-Serve-administered schemes
R022	Perception that our decisions are instructed or unduly influenced

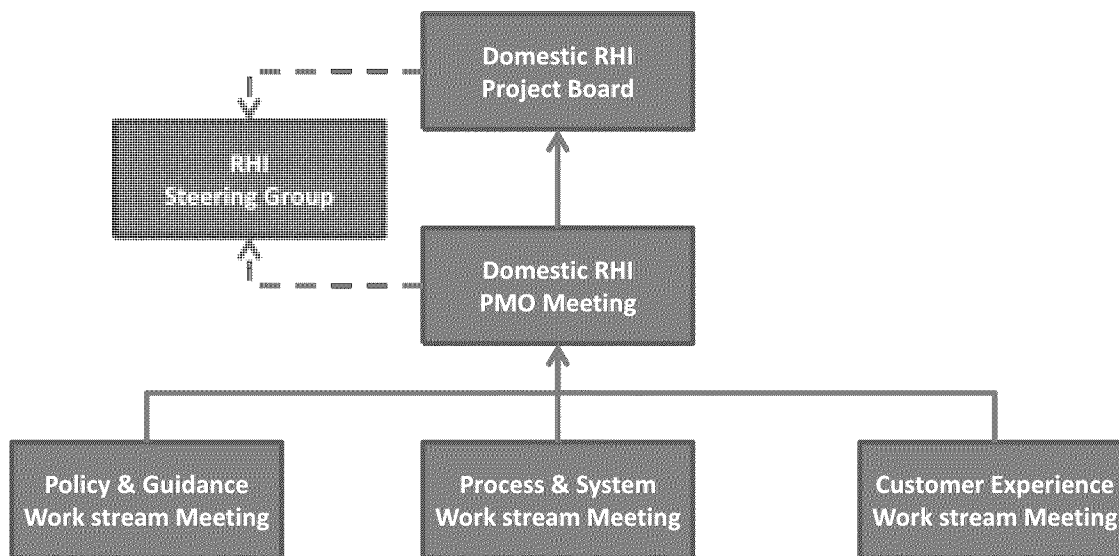
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Domestic RHI Project Governance Arrangements

Annex 2

27th June 2013

Domestic RHI Project Governance Structure



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Board:	Domestic RHI Project Board
Purpose:	The Domestic RHI Project Board will drive the project forward, mitigating risks and issues to deliver the outcomes and benefits
Terms of Reference:	<p>The project board will support and advise the SRO to:</p> <ol style="list-style-type: none"> 1. Agree the scope of the project and sign off the project plan 2. Ensure the project delivers within its agreed parameters 3. Have appropriate advice at key project milestones and decision points not within the Project Director's authority limit 4. Resolve risks and issues within the project and between it and other projects; including those that need input and agreement of senior stakeholders to ensure the progress of the project 5. Provide assurance for operational stability and effectiveness throughout programme implementation
Reporting Arrangements:	<ul style="list-style-type: none"> •The Project Board reports to the Management Committee (via the SRO) •The work streams will report to the Project Board (via the PMO) on progress against the plan and to escalate issues and risks.
Membership:	<p>Members: Martin Crouch (chair), Julie Nerney, Philip Cullum, Milton James, Martin Wilson, Clive Sparrow</p> <p>Other Ofgem Attendees: Finance representative, Domestic RHI Work stream leads as appropriate, Facilities representative (attendees will reflect the current phase of the project and be invited as and when required)</p> <p>Adviser: Ofgem legal representative as required</p> <p>Observers: Irrelevant information redacted by the RHI Inquiry</p>
Frequency:	Monthly

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Board:	RHI Steering Group
Purpose:	
The RHI Steering Group will provide a consultative forum for the project; providing organisational and subject matter expertise through the review of the projects proposals, products and approach.	
Terms of Reference:	
<ol style="list-style-type: none"> 1. Providing subject matter expertise to the Domestic and Non-Domestic RHI projects as the progress 2. Providing advice and guidance on specific project proposals and approaches 3. Reviewing and providing comment on the project's products 4. Providing assurance for operational stability and effectiveness throughout programme implementation 5. Making recommendations on best practice 6. Individual members should also provide guidance to the project on the processes or subject matter areas on which they lead or are expert at, including sharing of appropriate lessons learned from other projects 7. Capturing opportunities for wider organisational benefit and learning to be fed into the PIP programme and/or its successor 	
Reporting Arrangements:	<ul style="list-style-type: none"> • The Steering Group does not hold decision making responsibility for the Domestic RHI Project • Specific issues and solutions will be presented to the Steering Group for advice, guidance and consultation
Membership:	To be confirmed but will have a wide ranging membership from the Domestic and Non-Domestic RHI Schemes, other schemes within OfGem, other functional areas of expertise, external advisers, co-sourcing partner, PIP and PMG representatives.
Frequency:	Scheduled monthly but used as appropriate for key issues emerging over the project life cycle with attendance determined closer to each date dependent on the issues for discussion.

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Board:	Domestic RHI PMO Meeting
Purpose:	
The Domestic RHI PMO Meeting will provide a forum for communication and dependency management across the project. Identifying risks and issues to project delivery, implementing risk mitigation and identifying areas for escalation.	
Terms of Reference:	
<ol style="list-style-type: none"> 1. Monitoring project progress and discussing potential areas of change 2. Managing risks and issues, identifying suitable mitigating actions and, if necessary, noting where they need to be escalated 3. Managing dependencies across the project and agreeing actions to manage these dependencies 4. Managing progress against budget 5. Communicating outcomes and decisions made by the Project Board and Design Authority 6. Identifying potential agenda items for future Project Board and/or Design Authority meetings 7. Actively managing the forward planning and momentum of the project 	
Reporting Arrangements:	<ul style="list-style-type: none"> • The PMO, facilitated through the PMO meetings will develop and provide all project reports • Workstreams will report to the PMO on a weekly basis
Membership:	Julie Nerney (chair), Becky Horrocks, Ashley Malster, Liz Richmond, Ann McMaster, other Domestic RHI team members as required, Marcus Porter, Andy Luckhurst, HR representative, Facilities representative (membership will reflect the current phase of the project)
Frequency:	Fortnightly



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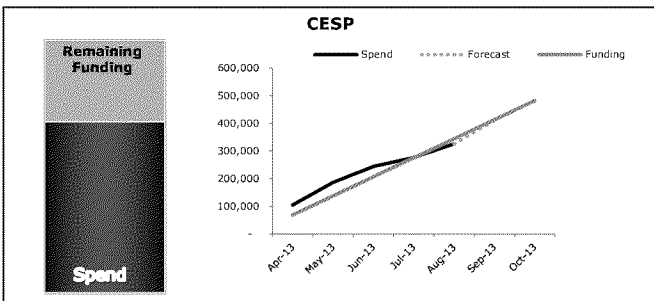
Board:	Domestic RHI Workstream Meetings
Purpose:	
The Domestic RHI Workstream Meetings will provide a forum for communication and dependency management across the individual workstreams. Identifying risks and issues to project delivery, implementing risk mitigation and identifying areas for escalation.	
Terms of Reference:	
<ol style="list-style-type: none"> 1. Monitoring workstream progress and discussing potential change 2. Managing risks and issues identifying suitable mitigating actions and, if necessary, identifying where they need to be escalated to the PMO 3. Identifying dependencies with other workstreams and agreeing actions to manage these dependencies/escalation to the PMO 4. Communicating items of interest from other workstreams 	
Reporting Arrangements:	<ul style="list-style-type: none"> • Workstreams will report to the PMO on a weekly basis • Workstream team members will support the workstream lead in the collation of the weekly report
Membership:	To be agreed within each workstream
Frequency:	Weekly

Notes Summary:

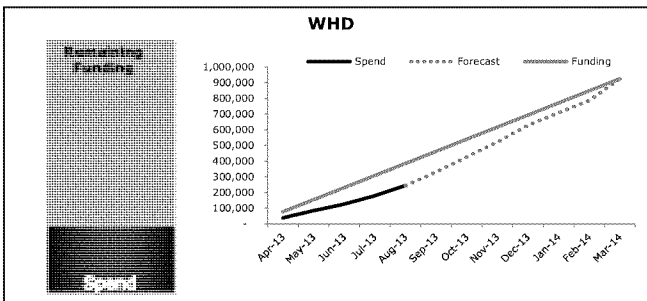
No speaker notes are contained in this presentation.

ANNEX 2

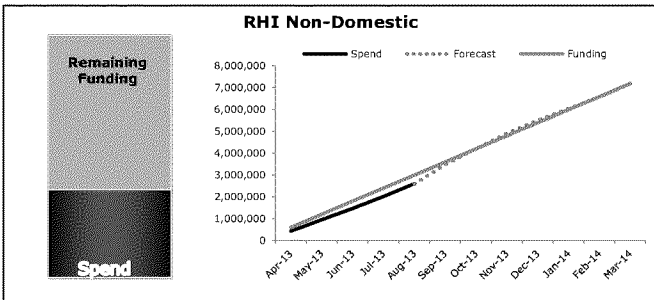
Cost and Income Statement for E-Serve Schemes as at 31 August 2013 (including Domestic RHI)



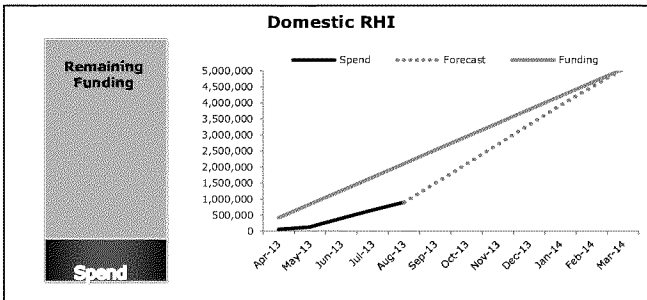
Budget (£482k) agreed with DECC.
Run rate 68% on DECC-funded part - scheme ended last year and this budget covers assessment of supplier mitigation action - work drawing to close (October 2013). Also licence-fee funded part which continues to feed into enforcement cases.



Budget (£925k) agreed with DECC.
Run rate 27% - currently expect some increase in monthly expenditures but may end year below budget (by up to £200k - to be assessed in re-forecast exercise in October),



Budget (£7,184k) agreed with DECC.
Run rate of 36% - significant development work underway and some recruitment to deal with growing volumes. Full year expenditure likely to be close to budget, re-forecast will assess scope for underspend.



Budget (£5,054k) agreed with DECC.
18% run rate - significant ramping up underway - development team now mostly in place and will continue through year-end, operational team yet to be recruited. Current expectation is still to spend close to full year budget.