

5. Question to Finance Branch – What would be the impact of an overspend on the RHI function line in 2014/15?

Finance Branch has raised this with DFP colleagues and will report back.

6. Question to Finance Branch – The scheme in NI was allocated £25m in 2011-15 and £12.8m in 2015-16, and we are forecasting a requirement of c£22m in 2015-16, which when added to actual expenditure in 2011-15 is still less than the allocated budget. Is it possible to carry forward unspent budget into 2015-16 to address the immediate problem?

That is very unlikely, and would certainly not be the case with normal expenditure. However, we will raise this when we approach DFP colleagues.

7. Question to Energy Branch - Are you content the estimated accrual relates to the 2014/15 financial year?

Yes, the accruals relate to applications accepted and expenditure incurred during the 2014/15 financial year.

8. Question to Energy Branch - how did they calculate the amount of the late accrual of £2.35m, and why was it not already accrued when Accounts Branch originally sought accrual information?

The response was that, although Energy knew there was likely to be an amount that could be accruable to 2014-15, this had not been quantified. It was not until Energy had conducted a thorough review of their methodology for estimating the monthly costs of the scheme in April 2015 that the figure of £2.35m was calculated. This exercise looked at average costs for claims and was based on a much larger sample than was available whenever the previous estimated costs had been calculated.

Energy also said the accrual figure would now be around £150k less as their spreadsheets were updated on an ongoing basis as actual claims came online.

9. Question to Energy Branch – Are the NI tariffs higher than those used in GB?

No, the original tariffs were actually lower than those used in GB. The tariffs in GB have now been changed, and are now similar to those used in NI.

10. Question to Energy Branch – It had previously been agreed at a meeting we held with Bernie that you would ask OFGEM to stack applications until the budget situation was addressed. However, you have stated that for legal reasons OFGEM cannot do this?

There is a legal precedent whereby DECC were unable to queue applications as this would unfairly impact on suppliers and small businesses who have outlaid expenditure based on obtaining business through the uptake of government schemes.

11. Question to Energy Branch – Are you assuming that every applicant will make full claims under the scheme?

Information from OFGEM indicates that there are a number of applicants (perhaps 12) who have not made claims since they were approved over a year ago. Energy Branch will investigate these applicants – however it will not materially impact on forecast expenditure.

12. Question to Energy Branch - Is the scheme due to be audited in the near future?

Internal audit are due to audit the scheme in 2015-16.

FURTHER QUESTIONS

1. Did the review of the scheme take place in 2014 as stipulated in the approved business case?
2. The approved business case states that there should be regular reviews of tariffs to ensure that the scheme stays within budget. Have any tariff reviews taken place?
3. Has Energy Branch reconciled the actual expenditure to date with the estimated expenditure?
4. Energy Branch has provided a table showing the increased uptake in the scheme and the impact on estimated average monthly costs. However, the estimates in this table are much higher than the actual outturn reported in 2012-13 and 2013-14. Is there a reason for this?