

From: [Mills, John \(DETI\)](#)
To: [Stewart, Chris \(DFE\)](#); [Wightman, Stuart](#)
Subject: RE: RHI AME 5%
Date: 02 February 2016 10:56:04

Chris,

Until last year, as far as I was concerned this was AME. The fact that there were “allocations” up to 14/15 (which was being under-spent) didn’t make sense to me other than as an indication. When we exceeded the original AME forecast during 15/16, the funding was provided as if it was just AME. When we asked DECC they said their spending was essentially unlimited but sought to agree a budget with HMT and there were penalties if they exceeded but they didn’t spell these out.

From: Stewart, Chris (DETI)
Sent: 02 February 2016 10:14
To: Mills, John (DETI); Wightman, Stuart
Subject: Fw: RHI AME 5%
John, Stuart

I see Andrew's point about cost control measures as a valid, but separate point, addressed elsewhere in the draft to Malcolm.

We always recognised the requirement for overspending to be addressed through a combination of future reductions and an RDEL penalty. We knew that, as a consequence of previous decisions, the former would need legislative change. We now know that spending has risen to such an extent that cost control is insufficient and that, even with complete suspension, we face an overspend. However, I maintain that the HMT decision to require all of the resulting pressure to be found from RDEL is a late, and major contributing factor. Had we known that earlier (or perceived it as a risk if the spike had been foreseen) then we would have pressed for closure earlier.

C

Sent from my BlackBerry 10 smartphone.

From: McCormick, Andrew (DETI) <Andrew.McCormick@detini.gov.uk>
Sent: Tuesday, 2 February 2016 09:39
To: Stewart, Chris (DETI)
Cc: Hill, Janice; Rooney, Eugene; McIlwrath, Linda; Mills, John (DETI); Wightman, Stuart; Cooper, Trevor
Subject: RE: RHI AME 5%

Sorry, but I find this concerning and don’t agree that the April 2011 was a formal communication. In my dealings with HMT over 25 years, I lost many millions when I had much much stronger grounds for my position than that email.

Also, Jon Parker is writing in a context where cost control is taken as read in the DECC scheme:

- His point (i) establishes the centrality of affordability and implies that that can be managed;
- Variation is permissible ... “as long as the cost of NIE spending is constrained to the AME consequential”
- “.... should RHI spending in one year exceed the SR profile, then DECC would need to repay this

in future years.” – that is only possible if one has the means of securing control on spending in future years.

Suggest we meet and discuss asap.

Many thanks.

From: Wightman, Stuart
Sent: 02 February 2016 09:27
To: Stewart, Chris (DETI); McCormick, Andrew (DETI)
Cc: Hill, Janice; Rooney, Eugene; McIlwrath, Linda; Mills, John (DETI)
Subject: RE: RHI AME 5%
Chris / Andrew

The email from HMT is the only correspondence we've managed to find. There was no further confirmation received from either HMT or DFP. As I mentioned yesterday, when we first brought this email to the attention of DFP officials last summer, it was clear that they weren't aware of this and that they had been treating RHI as pure AME.

Stuart

From: Stewart, Chris (DETI)
Sent: 02 February 2016 08:51
To: McCormick, Andrew (DETI); Mills, John (DETI)
Cc: Hill, Janice; Rooney, Eugene; Wightman, Stuart; McIlwrath, Linda
Subject: RE: RHI AME 5%

Andrew

I don't see anything more definitive in the chain, but Stuart will confirm.

I don't think the precise figure of 5% was ever confirmed. However, the point is surely that the only formal communication on this aspect from HMT (prior to the Chief Secretary's letter of last November) was that April 2011 email to Alison. The 5% figure was clearly illustrative, but the principle to be applied was set out clearly, in the statement that 'a small proportion of future savings' (not 'all') would have to be found from RDEL. The communication also states clearly that the rules applied to the DECC budget would also apply to NI. Despite numerous attempts, neither DECC nor HMT have told us precisely what arrangements apply to the DECC budget.

C

From: McCormick, Andrew (DETI)
Sent: 02 February 2016 08:21
To: Mills, John (DETI)
Cc: Stewart, Chris (DETI); Hill, Janice; Rooney, Eugene; Wightman, Stuart
Subject: RHI AME 5%
Importance: High

Before we go any further, can I see where HMT confirmed the 5% rule for the budgetary implications of any overspend on the Barnett based AME budget (after the HMT email of 15 April 2011, which is only suggesting 5% as a possible proportion).

Urgent please.

Many thanks.

Sent from my BlackBerry 10 smartphone.