

# Thursday 20th October 2016

## Chris Stewart Interview Transcript

### Attendees:

Name	Initial	Company
Ian McConnell	IMc	PwC
Chris Stewart	CS	Department of Economy
Leanne Coey	LC	PwC
Clare Kennedy	CK	PwC

### Meeting notes:

CK	<p>For the purpose of the tape it is now 10.45 on 20<sup>th</sup> October 2016.</p> <p>It is the interview of Chris Stewart and in the room from PwC we have Ian McConnell, Leanne Coey and Clare Kennedy.</p> <p>Chris just for the purposes of the tape I do want to thank you for coming along and for being so cooperative with us, it very much appreciated. We're obviously recording the interview and if you would like a copy of your transcript please do let us know and we can make that available to you...</p>
CS	Thank you appreciate that.
CK	<p>... at a period of time after the interview.</p> <p>I say this to everyone we do try and run the interview for 45/50 minutes and then offer people the opportunity for a break, I am notoriously bad at adhering to that Chris I have failed actually in all the interviews I have done so far but if at any stage for whatever reason you would like a break please do let us know and we can certainly pause the tape.</p>
CS	That's great thank you.
CK	The other thing just to ask you Chris before we start is if you would please confirm for the tape that you will keep the content of the interview confidential.
CS	Absolutely, understand the need to do so.
CK	<p>Thank you very much.</p> <p>Chris maybe just to start we have talked about some of your past career but it is useful for us to know your career path really and what led you to your grade 3 post within what was DETI at the time.</p>
CS	Yeah, well having moved on from what we were talking before the interview I mean I have been in the civil service for 29 years. I have spent approximately half that in the Department of Health, Department of Health from 1987 through to 2000, I think it was yes, then I moved on promotion into the Senior Civil Service to Office of First Minister and Deputy First Minister, I was there for about 6 years doing a variety of jobs.

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	<p>In my time at Health, and in OFMDFM mainly in policy roles most of career, in fact just about all of it has been about policy development, policy delivery. Then moved in 2006 to the Department of Education to do what was supposed to be an 18 month job and lasted 7½ years on the review of public administration combining that with a role of HR director as well. Then moved in 2013 back to the Department of Health, it was only for a short spell, I was only there for about 8 months, because at that point then I was promoted to Deputy Secretary position and I moved DETI in August 2014.</p>
CK	<p>In terms of coming into that post and in terms of obviously a vast portfolio I guess I'm particularly interested Chris around the briefing that you would have received about the roles and responsibilities of that post, who that was from, and I guess whether there was a particular handover. Now I know that David Thompson was in post before you, I think there was a gap of about 2 months between David leaving and you coming into post, so if you could maybe just explain how and who made you familiar with the particular responsibilities that you were taking on.</p>
CS	<p>There were 2 or I suppose 3 means of that. You were right there was no formal handover with David, there was a gap but I had lots of contact with him, because as you know he retired from the post but temporarily for a period took a post of chief executive for the tourist board as it was then Tourism NI. So lots of contact with David over the first 6 months or so after I took up post. So there wasn't a formal handover as such we would have been mainly talking about his role as Chief Executive of Tourism NI but there were opportunities to talk about my role and to take steers and soundings from him. That wasn't particularly structured I have to say or comprehensive that crescent with David I didn't look for it. But I suppose the core message that he was giving to me was 'yes there was a very broad brief, but that he had spent in his time in the post about 60% of his time on tourism issues and comparatively little on energy matters'.</p> <p>It surprises me now yes I could have, in that role and my current role easily spent 100% of my time with energy issues and it still wouldn't be enough.</p> <p>So, but that was David's approach to the role at that time.</p>
IMc	<p>Chris how broad was the role, so was it you know, so energy as a pillar, tourism as a pillar was that it... to?</p>
CS	<p>No, much more than that</p>
IM	<p>Just give us a sense because I think it's useful for us to get the range and breadth of...</p>
CS	<p>Well it was very different from the current role, so from the period August 2014 until the end of DETI. I was head of policy group so that's all of the policy responsibilities ....</p>
IMc	<p>... right across DETI ...</p>
CS	<p>... so you've got economic policy with all that that entails, energy, tourism, telecoms, minerals and petroleum and the analytical services unit as well, so anything that wasn't finance or related to finance was on my side of the department. So a very broad role. I think at the time of reorganisation it was recognised that it was too broad and certainly Andrew felt, not least in view of what has happened at RHI, that there was a need for a post that had much greater focus on energy matters, hence the current organisation.</p> <p>So I mean there was if you like some informal or semi-formal handover from David but I say I wouldn't describe that as particularly structured. There was a formal first day written brief that Andrew and I both received when we joined the department, you know Andrew arrived a bit before I did. Looking back on that now and I did take</p>

	a look at it just to sort of refresh myself on what was the picture that was painted when I arrived. As you can imagine it was about the size of that folder you're holding. There are 17 energy issues in it, RHI was no.17 and it's a one page note which would paint a picture of RHI as being routine not particularly high risk matter, one of them was the priority is there has been a phase 1, there's a phase 2 coming up which is a bit of an extension to the non-domestic scheme and the introduction of the domestic scheme. So it wouldn't have grabbed my attention at that time.
IMc	And who would have drafted that note, created that briefing pack?
CS	That would have come from Energy Division. I think it would have been brought together and coordinated by the department central management.
IMc	So again have you a broad church of things you were looking after? So in Energy at that point in time so that was August 2014 that would have been John Mills yeah?
CS	John Mills
IM	Grade..?
CK	5
IM	I naturally want to go the other way that up means higher not lower, but sorry... grade 5.
CK	And in terms of that list you mention the sort of 17 points, did you get the sense that it was in order of priority?
CS	I couldn't claim that it was overtly ordered in order of priority but I wouldn't expect the top most issue or high risk issue to be sitting at number 17 on a list of 17.
CK	I think that's fair.
IMc	So you were saying basically the brief to you and it would be useful, but perhaps we could get a copy of that pack, it would be interesting to see the 1 pager but you're saying basically RHI gives you a bit of a background, talks about the phase 2 which was really the non-domestic and then I guess they were bringing new technologies and a couple of other things with non-domestic?
CS	To be fair to those who wrote it, in case I mislead you it's quite possible that further back in the pack there's a bit more detail on RHI but I'm quoting from I suppose the list of immediate issues or main issues which I don't think were flagged as immediate action.
IMc	So then that pack at what point, what was then the typical interaction between yourself and John in terms of then the energy division and particularly then RHI, because at that point of time I guess domestic was on the agenda, domestic was going through the process of kind of implementation, can you recall what that looked like?
CS	Not in great detail, my recollection of conversations that we would have had at that time would have been the third leg of the induction school which is when you meet with your senior team... two questions I would always ask, first of all tell me about the team and tell me about the workload. My recollection is not in any great detail is that discussions around RHI at that time, such as they were they wouldn't have been frequent, certainly wouldn't have been something that was mentioned frequently at

	that time but the focus was very much on the introduction of the domestic scheme. That I know was described to me by John on a number of occasion as being the Ministers top priority.
IMc	Right, ok. Just to go back so you were saying 'ok, you wouldn't have been speaking about RHI to John frequently' but what kind of governance or management regime or operating rhythm tended to happen between yourself then and I presume the various grade 5s that were spanning these different things?
CS	Governance generally would have been the same with all the divisions which I would aim to meet the relevant director for a stock take on usually a weekly or fortnightly basis, sometimes it didn't happen as frequently as that for various reasons, where I would look to be briefed on the key issues both on you know anything immediate which is bubbling or requires attention or anything strategic which is coming down the tracks and requires attention. I don't recall RHI being a frequent subject in any of those discussions.
IMc	Even the domestic scheme?
CS	Even the domestic scheme other than its progressing, it's nearly there, the legislation is through or whatever. There were no particular concerns about the domestic scheme at that point other than getting it done.
IMc	You know and I guess it's very easy with hindsight, retrospect, but kind of sitting now, and forgetting about the issues, the RHI though it was a very material scheme just in terms of the sheer volume, the sheer value of funds and monies being pumped through it relative to probably anything else I suspect that DETI was doing, it had some big numbers. Would that not in itself there have kind of escalated it to have been something that would have been on the radar, no?
CS	With hindsight yes, clearly it should have been but it wasn't, it wasn't foreseen, yes its high volume but it wasn't perceived at that stage but it should have been, as high risk.
IMc	And yet to be fair Chris when we go right back to the initial inception of the project you know there was a project risk register as you would expect and the kind of risk of overspend, the risk of heat waste, those were identified issues right at the initial risk register. To what extent then would you have seen risk registers or would you have seen kind of project or divisional risk register or kind of branch risk registers, were those things then the key things escalated to the divisional risk register or what was your interaction then around risk registers?
CS	There's an established process for that. The governance mechanism within the department that manages that is the department board so in preparation for each departmental board meeting once a month as a commissioning exercise where each head of division is asked to review the original corporate risk registers, highlight any changes, particularly obviously highlight anything that needs to be escalated. I don't recall RHI being escalated through that process at any stage until ...
IMc	... more recently yeah ...
CS	... Things began to go critical, well it's not that recent now, March to July 2015.
CK	And would it have been referenced, I know there's obviously a divisional plan as well and a departmental plan but I think we've been told actually in terms of certainly the divisional plan that the domestic scheme that was put on and the introduction of the

	domestic scheme... they can't recall if the non-domestic scheme was on it, do you recall around the sort of divisional plans that you would have had what would have been said about it?
CS	I don't and divisional plans where they are done would have been at the beginning of the year so I mean in August I would have had no particular reasons to look at the divisional plan.
IMc	And again I presume it would have been the grade 5 ultimately who have taken ownership of that, the risk register relating to the Energy Division?
CS	Yep.
IMc	And so you referenced and again that's consistent I guess John what were, Chris what we're hearing in terms of the kind of domestic there was a focus and you know there were lots of stakeholders who were interested in the domestic scheme. The other matter I guess that has been talked about is kind of the capacity of the resourcing within the Energy Division or potential lack thereof. To what extent can you recall kind of those issues being escalated, highlighted, discussed with yourself?
CS	They were discussed frequently and were escalated frequently John had an enduring concern that there wasn't enough resource within the Directorate, I think he was right in that. His efforts and mine I think to deal with that were hampered (1) by the lack of available budget but actually even more sharply than that, even where budget was available it was extremely difficult to get people to fill posts, that's against the background where just the supply of available people was quite constricted anyway, more latterly as we moved into the Voluntary Exit Scheme it became even more difficult, so yes there was an ongoing perceived and accurately perceived pressure on resources there which required prioritisation of tasks.
IMc	And so we're just trying to understand so absolutely understand, domestic – lots of stakeholders, lot of focus on the domestic scheme, we're talking to the kind of guys and girls that were operating in Energy Division and it's quite apparent that that's where they saw their priorities, what we're trying to understand is I guess well ok how were those priorities set, were those priorities signed off, agreed that domestic was king therefore that's where the effort, that's where the resource goes, again can you recall conversations, decisions being made to actually prioritise domestic?
CS	I recall a number of conversations with John where he would have reinforced the point that that was the top priority and needed to be the top priority, what I don't recall, obviously this during the end of this at any stage a conversation or process which said 'we will prioritise the domestic scheme and we will de-prioritise XYZ'.
IMc	That's interesting because we kind of asked the question because that's the natural thing, was there a conscious decision taken to defer and the answer was 'yes, we consciously chose to defer activity in the non-RHI scheme to prioritise domestic', and it was referenced then, John referenced, that he and yourself Chris kind of had that discussion and came to that decision.
CS	I don't recall that, but that's not to say there wasn't such a conversation, there may have been but I don't have a recollection of it. What I can say categorically is that I was not privy to nor did I ever endorse an explicit decision not to have the review of the non-domestic scheme.
IMc	Yeah because you know, yeah because there's kind of a number thing that sit underneath the bottom of it, because if you kind of look at the chronology you can say

	well ok there was a consultation paper out on RHI in July '13 closed October '13. It was primarily to be focused on introducing domestic but it had quite a ...
CS	... well there is a very clear reference it to the introduction of controls ...
IMc	... it completely... it has... and cost controls were clearly in it and outlined so it was there ok now when we look at that consultation process the non-domestic activity pulled through, or the domestic, pulled through into the standard process ultimately into policy etc., but there's no evidence of any of the non-domestic RHI aspects of the consultation paper having gone anywhere, so maybe you can't speculate but when I kind of look at that and say, well ok, that required a conscious decision because to have taken something and not something else requires you to be aware of and to decide to. If nothing had ever pulled through from that consultation you could have said, well was it forgotten about, was it this, that or the other, but the fact that a chunk of it was and a chunk of it wasn't says someone consciously decided not to pull through the non-domestic RHI, and now admittedly that was well, that was October '13 that closed and that consultation, the activity I guess in the Spring of 2014 then was in and around the domestic scheme and that continued and literally nothing ever, nothing, the cost controls measures, nothing pulled through from the consultation process. Can you ever recall, so you're saying, consultation we will deal with that first of all, do you ever recall debates, conversations around that consultation paper, the non-domestic RHI pieces of it?
CS	I wasn't even aware of it until probably the RHI went critical. I think what's interesting looking at it now is the reference in it to tariff changes. It's not even couched in terms of, here's an idea, what do you think, we might do this we might not, it's actually announcing a firm intention to make changes to the tariff...
IMc	... absolutely ...
CS	... and the only question it asks is how difficult do you think this would be to administer. So the department at that stage clearly had a firm intention to make changes to the tariff. I'm not aware of any process where the department decided not to do so. Such a process would require Ministerial decision, because that consultation would have been endorsed by a Minister before ...
IMc	Right so that amazes me so given your kind of experience in the world of the civil service surely though the decision not to take forward cost controls, not to take forward the kind of the direction of travel toward tariffs also needs some kind of senior approval. I struggle to see that a DP on the ground would suddenly decide 'yeah I'm too busy, domestic is really important I won't bother with those things in that consultation paper', what level would you have expected that decision to be taken at Chris based on your experience?
CS	Based on my experience where you know as one can deduce from that consultation document there must have been a Ministerial decision to introduce tariff changes.
IMc	I get that ok.
CS	Therefore for a proper decision to be taken not to do that needs to go back to the same level. Yes it would not have been, well it might have been suggested initially at a junior level, but no junior official is going to make that sort of decision that's not for them to have done. A proper decision on that could only have been done on the basis of advice drawn up or endorsed by senior officials, going to the Minister and the Minister saying, 'I agree prioritise this'.



IMc	So go back, so how would that, and this is educational for us as well, how do you think that suggestion would have got into the consultation paper, would that have required Minister endorsement, I suspect not?
CS	To get into the consultation paper?
IM	To get into the consultation
CS	Oh, absolutely
IMc	I'm taking a step back so how do these things get into the consultation paper because that sets the context as to how they are decided upon as whether they are taken forward or not.
CS	That consultation paper would have been approved by the Minister before it went out.
IMc	By the Minister, right but that's an approval piece ok, alright. So you think it's therefore, well what should have happened do you believe in a typical processes for something not to have been taken through the consultation process would also then have required Ministerial approval?
CS	If you go to a Minister and say 'Minister we think you need to change the tariffs on your scheme' and the Minister says 'I'm persuaded by your advice, yes do that'. If you then for some reason decide, no we're not going to do that, you need to go back to the Minister and say 'I know you agreed that we should do X but the world has moved on here's why we don't think we can or should do X'. And this is what I don't understand in any decision whoever might have made it not to do that, for me to have endorsed such a decision in an informed way someone would have to come to me and say 'we were supposed to do this, we're seeking your agreement not to do this because, we don't think it's necessary or we don't have resource, something whatever, but by the way Chris you need to know this was a formal requirement and condition of approval of the scheme in the first place, we've given a number of commitments that we were going to do it and by the way it's high risk' and it was described by my predecessor as something where urgent action was required within a month, now I can categorically state that at no stage was I asked to endorse any such decision.
IMc	But that would suggest that, so if you follow that line of thought that would suggest that that decision never got to your level or anything beyond your level ...
CS	... yes ...
IMc	... ok and everything we're hearing to date would suggest that actually in respect of the consultation paper we cannot understand, nor do we really have any clarity as to whether a decision, whether... I think someone had to decide not to, but we have no evidence as to who did it and to what rationalised it.
CS	You see that's, you know one of two things happened here either somebody decided not to or somebody just did nothing. You can't expect an incoming Minister to go 'oh by the way my predecessor approved something, but I don't see any sign that you've done it yet, have you done it yet?' A Minister is never going to be in that position.
IMc	Try and help me get into the mind-set of someone now looking at this consultation paper that closed in 2013 in it, it had a range of proposals, some domestic, some non-domestic ok so I'm trying to understand then how simply if the focus would have been purely on domestic because to have focused purely on domestic means that a

	conscious decision was taken not to address... so a decision was taken right, there's no doubt that a decision was taken, whether it was debated, how widely it was known, haven't a clue ok ...
CS	... if you've seen evidence that substantiates that a decision was taken I haven't. I'd like to see what it is.
IMc	Right so again...
CS	...sorry you're saying there's no doubt, you mean you have formed the conclusion that on the balance of probability a decision was taken
IMc	... correct, correct, well I'm asking for your thoughts as to how ...
CS	... I wouldn't characterise that as 'there's no doubt'.
IMc	So how do you, how do you, how does someone move forward part of something without deciding that they're doing part not all without someone making a decision?
CS	I would contend that they cannot do so properly, that doesn't mean that they didn't do so. There are a number of processes which lead to decisions and lead to courses of action. Some of them are rational and logical and well documented and some of them are less so. Now I don't know what processes or engagements were going on at that time between those who were managing this and those who would have endorsed decisions, their interactions with Ministers, their interactions with political advisers, which can shape peoples' actions, these things are not always recorded.
IMc	Accepted.
CS	It is perfectly possible that I could have had the conversation with John, as I say I don't recall it, where mention was made or attention was suggested of not doing a review, I say if that was mentioned to me at the time I would have seen that in the context of if you like a run of the mill policy review or post-project evaluation the kind of thing you see with any programme, as I say I can't, and I could well understand and perhaps even would have supported de-prioritisation of that, de-prioritisation of that in favour of something else but I absolutely would not have agreed to any suggestion that we postpone a review, which we were under a formal commitment to carry out because it was seen as necessary to address a high risk issue.
IMc	So I guess for either... I look at those two separate issues to be fair the debate and discussion we're having I was looking purely around cost control and why I was is quite important for me to try and get my head around it and for us, because to be fair I'd asked John 'was cost control consciously deferred' and his reply was 'it was consciously deferred, that is rather than all the elements of phase 2 being taken forward we consciously deferred the non-domestic in favour of the domestic scheme'. Right that means that a decision was taken essential to say, we're not taking forward cost control at this point in time because we're focusing on domestic that's what the priority is, ok, now... then I asked him 'well did you make that decision?' or how does that, I'm not saying it's right, wrong or different but I'm trying to understand who made the decision and how was that made, and what I took firmly from what he has said to us, and it's on tape is that, he discussed that decision and that decision, I'm unclear as to which grade 3 ok and the timing of that decision to be absolutely honest, it could have been David, it could ...



CS	...sorry if it was discussed with a grade 3 it could only have been either me or David.
IMc	...or David, correct, correct, correct, and to be fair when we went back through the tape he references that it was yourself Chris, that said given the timing of all of this I would have expected that decision to have been taken somewhat earlier than your introduction in August 2014 because by that stage the domestic was well through the process right so that bit didn't make sense to me in terms of the timing of it, that's not to say that it's right or wrong but simply I would have expected that decision to have been taken in the Spring of 2014, if you follow the chronology.
CK	Yes, and I mean what you said Chris earlier was that actually when you came into post you would have conversations with John where he was basically telling you that it is being prioritised that domestic scheme, as if that decision had already sorry, in your mind do you believe that decision had already been taken to prioritise the domestic over the non-domestic...?
CS	... yes ...
CK	... from your conversations with John?
CS	<p>Yes, because, to be candid John was, as his predecessor was I think in the toughest grade 5 post I'd ever seen in the civil service and I'm on record saying that.</p> <p>So you know with limited resource, which has been acknowledged, so there are a lot of prioritisation decisions to be made and tough calls there. None of the things anywhere that would have been de-prioritised would have been anything other than important, there is no trivial work in Energy Division. So tough calls have to be made and those involve management of risk. So you know there were lots of discussions around prioritisation on lots of issues with John and very frequently if I'd been pressing for something to be done or for something to be given a higher priority more than once I got the reply 'ah well now you know I have to give priority to the domestic RHI scheme, that's what the Minister wants done'.</p> <p>So yes I was, I don't recall being privy to or part of a decision which set that as a priority that clearly was a priority by the time I arrived at the department. It is as I say perfectly possible that John would have mentioned to me or discussed with me that he proposed to de-prioritise a review of the non-domestic scheme in favour of something else, but as I say at no stage was I in a position to give any sort of informed consideration to a decision of the magnitude of which we now know. I wasn't going into speculation in this anymore than anybody else, I'm not absolutely certain that John would have known the magnitude of such a decision at that point either because I think what is clear when you look through the whole trail of the documentation on this only comparatively late in the day was the level of risk associated with this actually realised. And if you look at the sort of the evolution of Fiona's thinking on it through the documents, when you look at the business case you know the risk is described as 'highly unlikely', when you look in the note of her original encounter with the whistle-blower it's recorded 'Fiona doesn't believe businesses would have done that' and by the time of the handover note, which for the record I think I first saw a couple of days ago when it was inadvertently copied to me and pointed out that it shouldn't have been at that time, but I hadn't seen it prior to that, by the time of the handover note, assuming that Fiona either saw or wrote that I don't know, her view had clearly changed to this being something which needed to be done urgently, within a month. So I don't know what caused that change in the perception of the risk, I don't know whether that was conveyed to John or not and whether he had a view of it being high risk or not, what I can say is at no stage did anybody present this to me as a high risk issue.</p>

IMc	What level of responsibility then sits with the likes of yourself Chris to be aware, so how do you make sure you know what you're meant to know and perhaps what people aren't telling you, so what controls, what structure do you, did you have in place to make sure you were covering yourself and identifying the issues that perhaps you can rely on people to flag?
CS	I never seek to do the job in a way to cover myself. I think there are departmental priorities which I would...
IMc	... but to cover the department to make sure the department's best interests are served and that individuals perhaps weaknesses aren't exacerbated?
CS	<p>You can't know what you don't know, but you have a responsibility to know what you ought to know. As you would know the only thing that you can rely on as a senior person in a position like that is your instinct and your experience and your intuition as to what to dig into, what to question, what doesn't feel quite right. Yes I wish at a much earlier stage I'd looked at this maybe on day one and gone 'you know what, there's a demand led that programme maybe that is high risk, maybe I should take a look at that' I didn't do that, nor did anyone else.</p> <p>That's something that's, in a senior position I think accounting for that the defence that I didn't know and you can't know what you don't know only holds good till you reach a certain level of seniority beyond that I'm afraid you're always expected to know what you didn't know.</p>
CK	When did you realise, or what was the trigger Chris for you becoming aware that actually there were issues here?
CS	<p>Around the Spring of 2015, I can't remember exactly when, somewhere between March and July I think probably closer to March than July, when it was first raised with me as an issue, as a problem, something to be done as opposed to routine reporting on work.</p> <p>At that point it was raised in a way that we now know and understand to be a fundamental misconception of the problem that we had. It was presented to me as a straightforward budget issue. We got this demand led programme, it's funded through AME, the demand has gone up a wee bit and the budget isn't settled, there's a delay in settling the budget and I think my response to that would be in the email trail, somewhere you know... 'That sounds a bit worrying you know please keep me posted and escalate it if necessary.' So it was presented initially as an issue of lack of clarity around budget not as a reactor that's about to go critical.</p>
CK	And what in ...
CS	To be fair I don't think anybody in the Energy Division perceived it as anything else at the time. It wasn't that we were concealing it from anybody.
CK	And what is your understanding of what that trigger was that you know brought it to the attention you know of the staff that it was there was this budget pressure?
CS	Well demand was rising as you know, what they had was a pattern in the years before that where there was under take up of the scheme so there was excess money. So all of a sudden they reached the point where the projections looked as if demand was going to take spend over the previous budget so the natural reaction from staff was 'right let's make sure we've got the budget in place for next year' and going across the budget period that seemed to take a little bit of time, they were seeking confirmation of that and it wasn't coming through, that then started to make them feel a little bit worried at that stage simply because they saw demand which was likely to exceed

	<p>historical levels of budget, well they thought well it's not a great problem you know it's AME we'll just ask for more money, we'll get more money and that'll be that, they weren't hugely worried at that stage. They ought to have been.</p>
CK	<p>And what was the process of trying to manage that issue Chris and seek that resolution?</p>
CS	<p>Particularly at that time the focus would have been on interaction between Energy Division and Finance Division and going through Finance Division trying to get clarity on that initially from DFP and through DFP from Treasury. But again as I am sure you've seen from the trail on that the chain of communication on that I think became very confused and very ineffective. What I think a number of people forgot there was that there is actually a very clear orthodoxy in how you do those things. We don't talk direct to Treasury. You talk to DFP through Finance and Finance talk to Treasury and you know that's not just a matter of civil service stuffiness you know that's how you ensure that the lines of communication are direct, they don't get blurred, nobody is getting mixed messages, and that what you get is authoritative. Now instead what we had was people from Energy Division running off trying to speak to Treasury, Treasury actually taking the context and sending them back and saying 'sorry we talk to DFP' even at times I think DFP encouraging colleagues to go direct to Treasury and to go to DECC. So what you had there was a complete picture of confusion.</p> <p>What I surmise happened at that point was that our Finance Director or his staff said 'right bit of a mess here, need to get this sorted out' started digging into that and then at that point frankly the world began to unravel because that's the point where they realised 'hang on you just don't need to settle your budget you haven't got an example for approval for this'. That's what brought a much sharper focus then to it and that's where we started looking into it and that's where with each passing day it got worse. Where we discovered we didn't have approval, therefore we were automatically in irregularity.</p> <p>The budget was going to be difficult and was going to take some time to settle because there was a spending review process going on so we knew at that point then we weren't going to get clarity on the budget for a few months, demand all the while was starting to rise and then I think we reached the point, sometime between March and July, and thinking 'right well never mind the budget, never mind the approval, demand was starting to rise we need to get some controls on this' that was the point we all then looked at the legislation and went 'gulp we need to do legislation to get controls.'</p> <p>So what started off as a bit of an administrative problem here in clarifying the budget over the course of a couple of months turned into the major crisis that it is now.</p>
IMc	<p>In your sense Chris were the decisions taken or the timeframes within which it took things to happen do you think that was influenced in any way by the fact it was still considered to be potentially AME funding versus DEL?</p>
CS	<p>No I think that was nailed fairly early on. The email from John Parker which I saw around about that time so we'd have been aware of that for a long time.</p> <p>Not the email from Bernie Brankin which I've seen only relatively recently but really it only confirmed what the John Parker email said then. Once that John Parker email resurfaced which must have been round about March/April/May time in that year it was clear from, nobody from that point on could have thought this was ordinary AME.</p> <p>That email, I've said this to Andrew, that email was a double edged sword. It offered some comfort and reassurance which we over-relied on about as it were the size of the penalty from Treasury if we overspent but it also made it absolutely clear from that point on that there was an expectation on the part of Treasury that the budget would</p>

	<p>be managed and that overspends in any one year would have to be netted off the next year. Well logic tells you you can't do that without controls in place. So from that point on, that's 2011, nobody who read that and thought about it even remotely carefully could have thought that there wasn't a need for controls.</p> <p>I think I say we took too much comfort and even as late as July/August time as well around the reassuring part of that email, which I think now hasn't been the case, Treasury has imposed a very severe penalty on us and I absolutely understand that. I think Treasury's response to that would be 'yeah, we told you there was a likelihood of a small penalty if you managed reasonably year-on-year, so that's in the context perhaps of small overspends, where you're in to a billion pounds of expenditure you should have had £600m, all bets are off'.</p>
IM	Some others have suggested it wasn't exactly until probably October of 2015 that they believed they had clarity in terms of, this was absolutely now clearly now AME and this had an absolute impact on the kind of block grant and budget?
CS	I don't see how they could sustain that view as late as October, no. To me, from 2011 or from anyone's first reading of that email in 2015, it was clear that it could not possibly be ordinary AME, What was not clear and this is going back to your earlier question, you know, was the timescale affected by people thinking, oh this is AME it doesn't matter? No, I don't, I genuinely don't think that was the case if others are saying that is what they felt, then they need to explain why they thought that. What did affect the timescale was, my understanding at that point from that point on was we knew it wasn't ordinary AME, so we knew there was an issue around controls and the potential penalties on that, but there was still a couple of months in which there was a fruitless search to get more money and that really only finished in November / December time of that year. At that point it became absolutely clear there was no cavalry coming over the hill from anywhere, we were not going to get any more money be it AME or anything else.
IM	And given the fact in March / April time then, if you're saying, we knew this wasn't AME, this was going to have an impact. Do you think action was taken quickly enough to turn the tap off?
CS	No – I don't think anybody could sustain that view given what's happened, but were we in a position to predict at that time, you know if I was doing this again or if we had the opportunity to wind the clock back, I would have pushed much harder in July for the full range of controls to be taken then not just change to the tariff, but I can't claim to have sat in July and said, 'oh if we don't do this there's going to be a huge spike' and none of us saw this coming, we just didn't have sufficient insight into the market and its ability to respond, to see that coming and you know the real problem there as we know, lies right upstream because when the crisis came upon us, the fact that we needed to take legislation but you couldn't operate a control through any sort of administrative action meant that there was a time lag and as we see in the figures, industry was able to respond in that period much more quickly than we could. Having said that, I think it was a mistake in July not to take the full range of controls, now I couldn't say to you or anybody else that if we'd done that we'd be able prevent the spike completely. I don't honestly think we could, but we might have been able to mitigate some of the consequences. When you look at the pattern of demands that we did see, the spike came pretty hot after the announcement of the tariffs, but it took a couple of weeks to really ramp up, starting to rise in you know within days after, a couple of weeks to really ramp up. If we'd taken the full range of controls in July, then we would have taken I suppose a graduated response because that's what the Minister agreed to, so we would have announced the tariff changes, demand would have started to rise. When it really went steep after 2 or 3 weeks we might have said, 'look no, that's now too risky we need to suspend', but even at that point you know you can see what would have happened because the Minister felt on legal advice that a 3 week

	<p>period of notice at that point was appropriate, so about 2 or 3 weeks into a spike we would have said, 'no no this is now too risky, we're going to announce suspension'. You had another 2 or 3 weeks and we still would have had a spike. I think we probably could have got it down a bit from what it was but I don't think we could have got away with it. I just don't see any, the only way to have been in a position to do that would have been if the controls would have been available right from the outset.</p>
IM	Or introduced at some point throughout the life of?
CS	Introduced at some point prior to the crisis, you know the analogy that I've used is when Chernobyl went critical, if at that point you know they discovered 'oh we need legislation before we can out control rods in', too late.
CK	And was your view Chris on why that didn't happen in July when you went to put those full range of controls in?
CS	<p>I think as officials we have to take responsibility for the advice that we put to Ministers and as I say, looking back on that I wish we had pushed harder for that, but decisions and that at the end of the day are Ministerial and were Ministerial. The Minister and I think quite rightly, quite understandably said, 'right officials you're coming to me because your concerned about management of budget and you want to make sure there aren't problems there but this is an important policy, it's got you know important policy objectives that I want to see delivered in this, convince me that what you're asking for is necessary and proportionate and that you're not just hobbling an important policy for your own ends as it were'. So, you know there's a process of engagement there with Ministers and their political advisors where they determine whether or not to accept advice that we give, so it's not and it certainly wasn't in this case a matter of, officials decide one day that they think something needs to be done, a submission goes up to the Minister fairly quickly and after that the Minister makes a binary decision yes or no. There's a process of engagement with Ministers and advisors which in this case took a month or two.</p>
IM	At any point in time did yourself or others as kind of the advisors essentially to the Minister or the civil service, was a, was the suspension, was that ever muted as something that was proposed and through that process of engagement it ended up not being taken forward or was it never put on the table Chris?
CS	It was put on the table, my recollection with John, who would have a better view on this, is my recollection is that John's original suggestion was for more than just tariff control, so I think it would have been probably for at least for degression as well. I can't recall whether suspension would have been put on the table at that stage or not but I do recall certainly John's initial view was that we ought to go for it.
IM	And again, I'm trying to think through, I guess suspension is a mechanism, it's a control. You can use it if you have to but you don't necessarily have to it's just something in your back pocket if all goes you know so, did you have any sense as to you know as to why then degression or suspension may not have got through that process and was ultimately not included, because it's hard to sit back and rationalise the downside of not including it?
CS	Yes – why not have the tools in the box you don't have to use them.
IM	Exactly you don't have to use them, fantastic....
CS	I recall one conversation and I don't recall it in detail, that John and I had with the Ministers political advisor at the time and my recollection of it is, he wanted to be convinced that what we were doing was necessary and proportionate and he was



	<p>arguing having taken the Minister's view on it that we should go step by step, that we should introduce tariff controls, see how that goes and then future review in a few months' time, see whether anything further was necessary. Now as I say, I can't claim at that point that we stood up in horror and said 'no this is dreadful that's going to precipitate a collapse', we didn't because we didn't see what the consequences of that would be, I wish we had, but I think with hindsight, yes I would agree with you that the only way we could have minimised the risk in all of this, would have been to have had all the tools in the box from the outset or at the earliest possible opportunity to get them.</p>
CK	<p>And can I just ask at around that time in July Chris when you were having that engagement with the Minister where, because I'm just a bit confused as to when people found out things, but the issue around heat usage and the heat wastage, would that have been known because certainly from our conversations it seems that do you know the main concern that was driving this behaviour was an increase in application numbers and the impact on the budget, rather than actually thinking, 'look there's something else here' and if you look at the people actually sitting on this scheme, actually it's contrary to the intentions. Would that have been known, can you recall at that time and would that have formed part of those engagement discussions with the Minister to try and get what you wanted over the line?</p>
CS	<p>It wouldn't have featured prominently... it was known, they were, in terms of whistleblowing or whatever you may include under that umbrella. There was the, eventually the email that communicates that went to the first Minister and trickled its way down to that... that was not the first that we heard of these sorts of behaviours</p>
CK	<p>Ok</p>
CS	<p>We were hearing from a number of sources, probably primarily through the Ministers advisor that you know people were talking, they were hearing things on the ground about the sorts of behaviours that we now know to be the case. Now, you know, that doesn't constitute evidence, that's people, that's you know, a man told me that a man told him. Now, there's not an awful lot you can do on that, but you can't ignore it completely so it wouldn't have been ignored completely. What the division did in response to that was to ask Ofgem, 'you know what are you picking up here?' and to look at what Ofgem picked up and reported back and the picture that Ofgem was painting was of yeah one or two minor things coming up here and there, nothing to get particularly excited about and to be candid we were not fully convinced that that wasn't the case, until you completed your exercise, where unfortunately what we have seen is, what a man told me, what a man told him, was absolutely what was happening.</p>
IM	<p>So just go back, at what point Chris can you recall Ofgem being you know physically posed the question? You know there are rumours, anecdotal evidence of potential abuse, heat waste, can you tell us whether you've any evidence that might support that?</p>
CS	<p>I don't recall specific trigger on that, I don't know whether its.....</p>
IM	<p>But you did reference recollecting that question being posed, is that fair?</p>
CS	<p>We certainly had discussions within the department and that you don't hear something like that and then just dismiss it, so there would have been discussions along the lines of, 'look the Minister's advisors says, this is what he's hearing is happening on the ground, you know, what do we know about this?'. The conversation</p>



	would have gone along the lines of, well all we know is what Ofgem's told us, it doesn't fit with that picture.
IM	And the kind of evidence coming or the suggestions coming from the Minister's advisor, in terms of time frames Chris, was the pre-the engagement and discussions around what level of controls would be put in place or did that come after, because...?
CS	Both of those things sort of happening.....
IM	Simultaneous?
CA	Probably round about the same time, but I have to say our focus was at that point very much more on the budget issues rather than on the, if you like the whistleblowing issue.
IM	Accepted but it's you know, it's interesting context in the sense of if there was some concern regardless of whether it was based on sound evidence or other but there was some concern that people were saying individuals may be kind of abusing the scheme. It kind of reinforces then in my mind, the justification for actually filling up the toolkit, you know for putting the other things in play and if I'm interpreting what you're saying right, particularly if the Minister's special advisor on one hand was the individual offering up some of the evidence but on the other hand seemed to be the individual who was pushing the proportionate step by step approach, those 2 things don't square?
SH	Only he can answer that
IM	Ok but I haven't factually got the story wrong?
CS	[No verbal response]
IM	OK, OK
CK	It's interesting Chris and I mean I know you won't have looked at them but do you know the reports that came in and were coming in from Ofgem I think on a weekly basis, were clearly showing that the usage on an individual installation basis was significantly different than what would have been expected
CS	As to what was in the business case
CK	Absolutely
CS	I haven't seen those and to this day haven't seen those
CK	OK
IM	And maybe it's worthwhile, maybe if you go right back Chris to April of 2014 there was evidence that Ofgem might have raised that issue from the first you'll have seen some of that stuff and then October '18 they say they raised it again and to be fair you know the payment information that was coming through to finance
CK	Had the actual...
IM	Was clearly showing and in fact if you even go way back before that, the original assumptions that underpin the model that sent the tariffs assumed a 17% average usage you know and right, as soon as the application forms were received, all the

	application forms were well beyond that 17% right from day 1 so, it is hard to believe how the different bits of the jigsaw weren't brought together, you know as far back as the inception and early days?
CS	It is and I think if when you look back even to the original design now, although it's very easy knowing what we know now
IM	It is, hindsight's wonderful, granted
CS	I look at the business case and I go, you know it's full of holes and I can see the holes in the business case and I can see the holes in the original analysis from CEPA. Can I claim I would have seen them at the time? No, I don't and that's a hypothetical I can never answer, so I don't know if I would have spotted the fact that there was nothing to reinforce that assumption at the time, but you're right, there's a difference between that and a clear warning which we now know to have been given by Ofgem that things were not turning out on the ground as has been expected
IM	Expected... yeah
CS	I don't know why that was missed over or overlooked again, all I can say is categorically....
IM	Brought to your attention
CS	...It was never at any stage flagged up to me
IM	Including the October '14 meeting which obviously you were in situ at that point in time?
CS	Uh huh, nope. I didn't have any great sight or direct exposure to the day to day management or engagement with Ofgem, again as we now on foot of your report can see very clearly the accusation in the suggestion and the whistle-blower's letter that and the audit office report or the department, handed everything over to Ofgem and left it to Ofgem. The reaction that all of us had I think to that one when we first heard it even at a sub-conscious level was well, 'you know what's wrong with that, it's Ofgem, they're bound to be doing it right aren't they?'. What we now know very clearly is what they were doing was not fit for purpose in terms of what we needed, at the risk of sounding glib, there was a difference between were they doing things right and were they doing the right things? Now were they doing things right? That's for them to answer. Were they doing the right things? That's ours and they weren't doing the right things and what they were doing for us, at our behest and despite the warnings that they had given, did not match the risk profile or the behaviours on the ground of the scheme that we had and as a department, we should have picked that up much earlier. Again, I suppose, perhaps one of the reasons for that was you know, what was coming through was you know, OK it's a very low inspection rate, but they're not finding anything, a few minors was all that's being picked up.
IM	But as you say, it depends what you're looking for and what questions you're asking?
CS	Yes
IM	As to what answers you're getting back?
CS	Yeah and they were proactively flagging up what should have been the biggest warning to us is that the usage pattern was nowhere near the assumption of 17%.

IM	Agreed. That undoubtedly from early days the kind of the application profile in terms of boiler capacity and size was well known way back again in spring of 2014. It was you know departmental officials to be fair had identified that for themselves, that the profile's not what we expect. Why are all the boiler types of this particular size and obviously aligned to the tariff rates?
CS	Yeah I mean we didn't data analytics in those days but that's one of the things that should have been spotted.
IM	Just go back to the AME piece OK because, we have clearly got the sense from a number of individuals we've spoken to that, their actions and their attitude towards the non-domestic RHI and therefore decisions they took and the speed of action that was taken, was influenced by their understanding, albeit wrong in hindsight, that it was AME funding and as such ultimately it was good for the Northern Ireland economy because we were sucking in funds and it was all to the greater good and you know that if it had have been – and I'm paraphrasing – but I'm not too far away from what was said, if we had of known it was you know DEL going to impact block grant, we would have, there'd have been a very different monitoring regime put in place.
CS	I've no doubt that's what those individuals believed up to a point. What I'm saying is I think some of them believed it at a point where that was no longer a credible thing to believe. There is clear evidence that's what people believe, again going back to the first day brief, you know there's the sort of template for the issues, you know what it is, legislative applications is a heading, financial implications and says AME funding
IM	Yeah
CS	So when then first day brief was done for Andrew and I, there clearly was a belief within energy division that this was AME funding. Now what I think people need to be conscious of there you know, AME, you know clue is in the middle word 'Managed'. It's not spend as much as you like, it doesn't matter and as I say from the John Parker email 2011 onwards, he very explicitly sets out and Bernie Brankin then reinforced it in hers, if you underspend you've lost it, if you overspend then you have to reduce demand, managed demand the following year or in the following years and at that point someone should have been asking the question, 'well how do I do that, what are the controls by which we would do that?'. 'Well there aren't any'. 'Right we need to take some'.
IM	Yeah but, look I absolutely agree and I guess what's, I was going to say what's apparent, what those conversations kind of say to us is that, at an individual level it certainly influenced individuals perception and attitude to risk and as to whether they believed there was significant risk or not because that sense albeit it wrong of it being AME seemed in some way...
CS	That is, that is...
IM	Well this is low risk, it's AME funding
CS	That is true and if you....
IM	And maybe that impacted their attitude and their willingness or indeed their recognition of the need to escalate stuff that might have otherwise been escalated?
CS	I think that's right
IM	Yeah

CS	<p>And both at an earlier stage and more recently. In looking at this earlier when it first went as critical as it is now, looking at the documentation that Andrew and I had access to at that point, which didn't include some of items that came to light on the morning of the PAC meeting which are now here. The way I characterised it to Andrew in describing it was, that you know a decision was taken not to introduce controls or a non-decision which ever it was or a de-prioritisation at time and I said to Andrew, you know, 'Andrew if I'd been in the grade 3 post or the grade 5 post at the time I'd love to tell you that I would have spotted the danger here and made a different decision'. I said to him, 'I can't honestly claim that that would have been the case because looking at this from the perspective of colleagues who would have been in post at that time, what they saw was something which was wrongly but was described as low risk'. Where they thought the likelihood of the risk was small, it was described as such all the way back to the business case, that was what they observed and the pattern of under-take up the scheme in the preceding years, so the likelihood of overspend at that point to someone would have looked low.</p> <p>The magnitude of the consequences of overspend would also have looked low because too much reliance was placed on half of John Parker's email. So you had someone sitting at post at that time, with a very difficult job, trying to make decisions on which pieces of work to prioritise and which not and they look at this and go, 'maybe we should think about controls here but we've this domestic scheme do instead'. Right, what's the risk in not introducing controls? Well the likelihood looks very low and the magnitude looks low, which you know we might get hit with 5% penalty on it, it's quite a small scheme anyway. I'm not saying that's justified, I'm not saying that's correct, what I am saying is it would have been rational at the time, wrong, but rational.</p> <p>Now, I think what we've seen in the more recent documentation... that is the documentation that has come to light more recently. I think the rationality of that sort of decision starts to crumble when you see a warning sign from Ofgem that demand is different and rising. When you see budget uncertainty, when you discover that the proper approvals aren't in place and when you start to hear from sources that there's abuse of the scheme and then you know at some stage during the process it's clear that Fiona's view of that changed and she clearly then saw it as a significant risk and something which required, as it says in the urgent actions 'within 1 month'.</p> <p>You know go back to your earlier question I suppose the core point that John is putting to you, you know, if the suggestion is that I approved the decision, not to do something which had been flagged as high risk, urgent, to do within 1 month, that is fundamentally incorrect.</p>
IM	<p>Well I'm just reading through the other notes and this is important so this was specifically in respect of deferring their view of the non-domestic scheme, which obviously was supposed to commence in January '14 and you know we asked and the view was, yeah there was a conscious decision not to carry it out and the question was asked then as to you know, 'can you recall what time that was actually flagged and when that decision was taken?'. Now he suggested it was autumn time 2014, I'm just reading the transcript. It was something like that alright. Again that's some way after it was supposed have commenced in January '14 but that's what it said.</p>
CS	<p>Where's the decision trail? Where's the record that that ensued?</p>
IM	<p>And it went on to say, 'I think because we also weren't able to carry out, carry audit's out quickly enough' when I was talking about not doing things and talking about not</p>

	deferring, about not doing them but deferring them only;' we weren't able to carry audit's out on the domestic side that we wanted to so therefore'....
CS	That is a risk I'm well aware of, that's a risk that was flagged up and yes that is one that I recall actually specifically endorsing, yes that those audits would be delayed.
IM	Yeah – on the domestic side?
CS	On the domestic side, yeah.
IM	Yeah because he was aligning and rationalising the decision to defer the review of the non-domestic on the basis that 'this domestic stuff, there was a shed load of audits not being done and we were struggling to get those done and yeah we decided not to do the review'.
CS	I've not doubt if John is saying that, that he did have such a conversation with me, he's not going to make that up out of thin...., what I would have perceived there is someone saying to me, 'there's a routine policy review scheduled here, we've other things that are higher priority, I'm proposing to defer the routine policy review', yeah if that was put to me I would have agreed with that. What I would not have agreed with was that you know we need to review something that has been flagged up to me as urgent action within 1 month to address a major risk, that's a different conversation, that didn't take place. You know even if I was reminded to do such a thing, I would be saying, 'right...'...John to his credit is a stickler for getting the audit trail in place for things, that is one where we would be saying, 'look we made a clear basis for making some decisions, we need cover for such a decision'
IM	Let's get the rational at least on paper
CS	...'let's get a submission down and up to the Minister' saying, 'you know there's a bit of a potential risk here around tariff's but you know what, you've said you want the domestic scheme prioritised, are you happy enough that we don't reduce the controls?'. Ironically enough given what transpired afterwards I have no doubt that a Minister would have agreed to that.
CK	I was going to ask, sorry it's going back to the Bernie Brankin emails, and I appreciate this wasn't in your time Chris at all so I am asking you in some ways....
IM	It's worthwhile taking just a 5 minute break, do you just want to...
CS	Up to you, I'm happy to continue?
IM	Yeah I think, well let's just take a 5 minute to get a refill
CK	I was going to ask around those emails to 2011 Chris and yes I understand it is surmising obviously finance branch within DETI were very aware of the issue as well, you know we can see names, they were aware that there was a particular challenge with the scheme, they were even advising do you know that when you go to DFP you're going to have to demonstrate to them that you have understood the risks and that you're going to put appropriate cost controls in. Now, do you know sitting back down in energy branch there was a clear out of staff, do you know there was a clear turnover of staff?
CS	Yes

CK	To our understanding, correct me if I'm wrong, there wasn't that same turnover of staff within the finance branch?
CS	Not to my knowledge no, but I think you're right. What I see from that is very clear advice and warnings being given by finance branch in 2011 and I'm sure being well understood, they had no reason to think that they weren't understood at that time, but somehow the knowledge in energy division was lost.
CK	But likewise in the finance division.
CS	Well...
CK	Do you know what I mean, because we don't see anything coming back from there?
CS	<p>I'm not sure it was lost in finance but at that point, you know why would finance's eye be upon it? You know they'd done their bit, they'd given advice back to energy division on that. Energy division appears to have, I am surmising to a degree here, but energy division appears to have forgotten the fact that it was non-standard AME. Appears to have lost sight or forgotten the clear advice coming from finance that they needed to get controls in place. I don't know whether that was, to what extent that is people take a conscious difference of view or something or something just being forgotten or not being handed over?</p> <p>I hadn't seen Bernie's email at the time, I saw the John Parker email when this started to go critical for him in the spring or summer of 2015. I only saw Bernie's email actually relatively recently.</p>
IM	And Chris, when you look at budget's and how they're presented in the energy division and by finance I presume to energy division, is there a line which recognises something called non-standard AME? Is that part of the problem?
CS	I've never heard of it until I saw this.
IM	Because I think, yeah
CS	It was a new concept to me, but as I say, that's why I think actually Bernie's email is so direct at saying: 'you need to treat this as if it was DEL'. I think Bernie was trying to get that message home as to what this means because you know, I think you'll meet very few people who have been exposed to non-standard AME but everybody would know what AME is and everybody would go 'ah treasury bears the risk so as long as you're not cavalier, you'll get the money'.
IM	Yep – Janette O'Hagan – what point in time did you become aware Chris, of kind of Janette and her kind of interactions with department officials?
CS	A couple of weeks ago
IM	Honestly?
CS	Yeah, when it was picked up I supposed in the margins of Andrew preparing for PAC and more things were coming out of the woodwork at that point, I wasn't even aware of the engagement before that. If you'd asked me at that time you know about the whistle-blowing engagement then I would have assumed it was the one you were referring to the one that came through the FM's office



IM	Right because I guess during your tenure, so obviously initial meeting had between Janette and Fiona Hepper and others back in October of '13, she then sent the chaser email you're probably aware of in May of '14, then she sent another kind of chaser in March of '15, so you weren't... so that March '15 email that she sent in which very much is consistent with the previously correspondence and it's fairly direct and you know certainly when you're reading it you would say, you would take of certainly third time around, probably now in a different context as well?
CS	She's asking, 'why haven't you introduced the controls you told me you were going to introduce?'
IM	Exactly, so you weren't aware of that, it wasn't escalated to you?
CS	I wasn't even aware of it at all, either at any stage, I wasn't even aware that had been any interaction with this individual at all. What I'm looking through... the documentation this morning, what I don't understand out of this is in, you know the replies she was getting changed from 'yes we're going to do this' then to I think the final one from Seamus saying, 'no we've no plans to do this'.
IM	Correct
CS	I don't understand where that decision was made? Again going back to John's assertion, that's not a decision that I recognise I had any part.
IM	So I personally probed that yesterday OK and the answer I received was that, 'well actually for the purposes of kind of confidentiality, and making sure we weren't tipping off the sector that we were going to change tariffs, we told Janette that but really that wasn't our intention at all, meanwhile we were actively thinking about tariff changes'.
CS	That's ludicrous.
IM	You know because undoubtedly that you know, if you take that as face value, it clearly states as you rightly say that you know tariffs weren't, tariff changes were not in the mind-set of the person who was drafting it and he was alluding to the fact that it was going to be, you know it might be considered in the future at some stage?
CS	That's ludicrous because and I mean I'm astonished at that suggestion being made because it defies logic, because of the reason given. If the reason given was, you don't want to reveal your hand on something because someone could get a commercial advantage on it, but you think it's OK to tell lies on foot of which someone will make commercial decisions and possibly lose money and who will then come back and say; 'well you know when I heard there were going to be no tariff controls, I immediately went out and bought every 99KW boiler I could find on the face of the planet and got ready to install them and then you introduce these controls and I'm now out a load of money because people won't buy them', is ludicrous.
IM	So go back then, so but at what point in time do you then think tariff controls were being considered because of the budgetary issues and the application numbers? You know the timing I know is quite, you know it's quite a condensed period of time it's from March '15, April '15, May '15, I think from your previous comments Chris, you were kind of alluding to yes certainly April / May '15, you know applications were arising and there was an acknowledgement that there were budgetary issues here, there was also the concerns now about whether or not this was AME?
CS	I don't... looking at the date here on Seamus' email

IM	12 March
CS	12 March, I don't think there was any particular focus on tariff changes at that point.
IM	Right at that point
CS	The full horror of what RHI was turning in to wasn't apparent at that time
IM	At that point?
CS	At that point certainly my perception of it, was it was still as I said earlier an issue requiring budget clarification.
IM	Yeah as opposed to having had the answer around the budget clarification?
CS	Uh huh
IM	Again it just appears like if you kind of read the story around this individual, she was fobbed off, fobbed off, fobbed off and this was the last occasion she was fobbed off.
CS	Again looking at it, I was asking myself a question this morning, you know if I'd been in receipt of her original enquiry...?
IM	How would you have reacted yeah?
CS	How would have I reacted to it? I don't know, I can well see that people might not have given it a great deal of weight at the time because they could say, 'well you're saying this but it's not what we're seeing, it's not what, you know we don't recognise that as a risk in the scheme, it's not really been identified yet, it wouldn't have been what was being picked up by Ofgem'. People might have, I'll use the word dismissed it in the same way as you know rumours that were being passed on by SPADs and that kind of thing, you know that's in the early part, but later on once she's told, 'yes, we actually now do recognise the phenomenon that you're pointing to and we're going fix it, we're going to'...
IM	Which was really in mid '14?
CS	Yes, 'we're going to introduce controls'. I think I can understand how you would get from the first, you know, sort out of the denial into 'yeah OK, I can see there's something in this now'. What I don't understand is how you would go back to, 'no there's no need to do this'. And again, if anyone's in that position and they see an increasing risk, the question I would ask is; if someone felt that I had endorsed or made a decision not to introduce tariff controls and then they see the thing beginning to overheat, why would someone not have come back to me and said, 'do you know what boss, actually need to rethink this, we do need these controls now, never mind the prioritisation, we're actually going to have to put on hold the work on the domestic RHI that this is about to go critical'. At no stage was there any such process.
CK	So when for you did the issue of tariff changes really come to the fore, so if it wasn't in March 2015?
CS	It would have been round about July time, a little bit earlier than that when and this is later than it should have been, it's when we, I think came to the view in the department that, never mind the budget clarification even when we get budget clarification, we can see from the rising pattern of demand that it's not going to be enough, we're going to have to do something, so that was the point when that kicked

	in. That would have been somewhere between March and July, can't say exactly. I don't think it's necessarily a question of, we walked in one Monday morning and suddenly it had changed from, it's an issue of budget clarification through to it's an issue of tariff control, but probably over a period of a couple of weeks. At some point certainly you know Stuart and his team would have been doing their calculations and gone, 'I know we're still waiting for confirmation of figure X, but look where the projections are going now, it's going to be more than X even if it's confirmed'.
CK	I mean I guess for you and having oversight of that team during what really was quite, like it was a critical period from the March to July, how much interaction Chris would you have had personally with that team? Like were there meetings set up regularly to try to police it, monitor it, to get updates, how did that process work?
CS	With the team no, my interaction would have been with John and would have been increasing frequency over that time on that issue.
CK	OK
IM	Nothing else from me.
CK	No nothing else from me.
CK	Is there anything you Chris would like I guess to put on the table or to make us aware of, that you feel we haven't covered?
CS	No no I think you, we've covered the ground. The only thing I think I would reiterate for the record is that I had been puzzling over whether the non-progressing of the tariff reviews and the changes to the scheme was on omission or as a result of a decision. I'm genuinely approaching this interview today didn't know and still don't know for sure. Now, what you've heard from another witness is that it wasn't omission the need to do so was recognised but a decision was taken not to do it and the assertion is that decision was authorised by me. I categorically reject that, it was not. It is quite possible that I discussed and approved a decision to defer a standard policy review, something which is non-critical and certainly non-time critical. At no stage did I make an informed decision or give an informed consent not to take forward a course of action which had been mandated by a Minister and which was a condition of approval on the scheme in the first place. Had such a suggestion been put to me, I would have sought a formal audit and decision trail for that, including and going all the way to the Minister and the Permanent Secretary.
IM	And as specifically Chris in respect of the review that... you previously said and for clarity in terms of the consultation and lack of pull through of cost control measures that you've no recollection of that even being brought to your attention?
CS	Not at all
IM	For a decision at all and nor do we at this point in time to be honest but...
CS	To be fair to all those involved with me all of that may have been seen as the one basket as it were
IM	Yeah
CS	We've stuff to do on RHI but we've other stuff
IM	Yeah yeah which is quite possible, OK. Right thank you

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CS	Thank you
CK	OK, thank you Chris just for the purpose of the tape it is now 12.05 and that is the end of the interview, thank you very much.