

McCoy, Laura

From: Stewart, Chris (DETI)
Sent: 25 March 2016 17:14
To: Mills, John (DETI)
Cc: McIlwrath, Linda; McIlwrath, Linda
Subject: RE: RHI Report for Review

John

Thank you, I have studied both documents, and have no changes to suggest. As you say, there are some matters of great detail on which I could offer no informed view. In any case, I think it is important that you have an unfettered opportunity to comment on Michael's draft.

There are one or two points that I might also disagree with – notably the suggestion on page 7 that 'budget uncertainty' was avoidable (which I don't think stacks up at all) and the implication earlier in the report that better demand forecasting might have been the solution – we might well have had better forecasting, but I doubt that any approach would have predicted the spike that actually occurred.

Overall, my central points are those that I made to HOCS:

- it is unrealistic to suggest that the entire chain of events that led to the outcome could have been anticipated;
- on the introduction of controls, diligent colleagues made a rational decision on the available information, which was that the likelihood and magnitude of the risk of overspend were small – I would have made the same decision.

The conclusion that I draw is that, for such programmes, one simply cannot rely on risk assessments – there are too many unpredictable factors. Therefore, our appetite for risk ought to be intrinsically low, to the point that every spending programme includes (from the outset) a rapid administrative means of applying spending controls or scheme suspension, irrespective of the initial (or subsequent) risk assessment.

I suppose that is why ships have lifeboats and aircraft have life jackets...

C

From: Mills, John (DETI)
Sent: 25 March 2016 16:35
To: Stewart, Chris (DETI)
Cc: McIlwrath, Linda
Subject: FW: RHI Report for Review

Chris

Michael wanted me to clear this response with you. I fear it won't make a lot of sense without Michael's original which it comments on (Word doc attached). Some issues would be before your time or of a level of detail which you could not be expected to know about. But let me know if you have any issues – I don't think the main thrust of the response differs from what you said the other day when talking about the HOCs meeting.

From: McCoy, Laura
Sent: 25 March 2016 16:08
To: Mills, John (DETI)
Subject: FW: RHI Report for Review

Laura McCoy

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From: McCoy, Laura On Behalf Of Mills, John (DETI)
Sent: 23 March 2016 13:20
To: Woods, Michael (DETI)
Cc: Wightman, Stuart; Hughes, Seamus
Subject: RHI Report for Review

Michael

Please see attached from John Mills.

Regards,

Laura McCoy

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