

**RHI - statement from Arlene Foster**

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**Statement from Arlene Foster MLA**

"A number of issues have been raised in relation to the Renewable Heat Incentive. As you are aware I am currently in China promoting Northern Ireland but I would make the following points relating to the RHI scheme and my time as Minister in the then Department for Enterprise, Trade and Investment.

By convention, Ministers are answerable to the Assembly, not only for their actions and decisions, but for those of civil servants in their department regardless of any personal responsibility for actions or omissions by officials.

In practice, Ministers determine their department's policies and delegate the implementation of these policies to officials. It is the departmental accounting officer (normally the Permanent Secretary) who is responsible for the stewardship of resources within the department's control. That is why it is Permanent Secretaries who give evidence to Public Accounts Committee hearings. That convention is long-established at Stormont and Westminster.

I entirely accept that I am accountable to the Assembly for the actions of the department during my tenure as Minister, however having reviewed the papers I am not clear what decisions I was personally responsible for that could have been taken differently given the information and advice available to me at the time. I should also point out that the Assembly Enterprise, Trade and Investment Committee was involved in scrutinising all aspects of the scheme.

As Minister I agreed the creation of an RHI scheme for Northern Ireland. Following that an RHI scheme was brought forward by officials following the involvement of expert consultants and economists.

Whilst each subject area will have a lead official, it is usual practice that Ministerial correspondence and decisions are copied to all senior officials. I understand this was the case with the RHI Scheme and senior management were able to track the Scheme at each juncture.

The 'rate' was set following recommendations from experts. At no point was I lobbied on this matter, nor did I seek to influence the recommendation made to me.

In 2013 a 'whistleblower' made allegations to me about the operation of the RHI scheme. I passed these concerns on to departmental officials to investigate. During the PAC evidence session on 9<sup>th</sup> November the Permanent Secretary indicated that as Minister my actions in response to the 'whistleblower' were "entirely appropriate". It is now obvious that these investigations should have highlighted the failings of the scheme and ameliorative actions should have been taken.

At no point was any proposal for cost control including by 'tiering' or 'degression' made to me by officials responsible for this business area or anyone in the department. Indeed the Accounting Officer for the Department for the Economy, formerly DETI, has confirmed that at no stage before July 2015 did officials advise the DETI Minister to introduce costs controls or revised tariffs to the Non-Domestic RHI scheme. You will of course be aware that I became Minister of Finance on 11<sup>th</sup> May 2015.

It is clear that cost control mechanisms would have limited the financial exposure of the Executive on this scheme. Having reviewed the papers in this area while it is understandable that such measures were not in place at the start of the scheme I believe that this issue should have been identified arising out of the second consultation process in late 2013.

It is now also apparent from emails circulated between officials that it was made clear the Northern Ireland resource budget would be responsible for any expenditure beyond the Northern Ireland Barnett share which was covered by AME.

I accept and support the finding and recommendations of the Northern Ireland Audit Office in relation to the RHI. In retrospect, it is clear there were significant failings with the design of the scheme which should have been identified.

I am eager that urgent action is taken to address the very significant financial implications of the on-going costs of the RHI scheme and the Executive is currently examining ways to mitigate the costs of this scheme. Simon Hamilton has indicated he plans to bring forward a proposal early in the New Year that would substantially reduce the cost of this scheme."