

Tuesday 18th October 2016

Seamus Hughes Interview Transcript

Attendees:

| Name | Initial | Company |
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| Seamus Hughes | SH | Department of Economy |
| Leanne Coey | LC | PwC |
| Clare Kennedy | CK | PwC |
| Ian McConnell | IM | PwC |

Meeting notes:

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| CK | OK for the purposes of the tape it is now 2.00pm on Tuesday 18 th October 2016 and it this the interview of Seamus Hughes and in the room from PwC we have Leanne Coey and Clare Kennedy. So just for the purposes of the tape Seamus I do want to thank you and thank you for coming along |
| SH | That's fine Clare |
| CK | And also for agreeing to cooperate with the whole process Seamus, it is very much appreciated. Obviously we're choosing to, or you've agreed to take the interview again thank you for that Seamus, if you would like a copy of your transcript you only have to ask and we will make that available for you and then you'll have an opportunity if you want to take it, to confirm that you think that it's an accurate representation of what was said. |
| SH | That's OK |
| CK | Now Leanne will probably laugh at this point because I say this every time but, we tend to run our interviews for 45 – 50 minutes and then offer people the opportunity to have a break, can I just say I'm notoriously bad at it Seamus and I don't pay attention to my watch and we do tend to run over, so genuinely Seamus if at any time you want to take a break please just let us know and we have the facility to pause the tape so we can do that |
| SH | Yeah that's fine, that's OK. |
| CK | In saying that I know the letter said that it was going to take 3 hours, genuinely Seamus I would be very surprised if it takes anywhere near that length of time so that's just to give you an idea as well |
| SH | No that's fine |
| CK | I do have to ask you Seamus if you don't mind, we obviously have a number of interviews to conduct and I would be grateful if you would confirm that you would keep the content of the interview confidential |
| SH | No absolutely |

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| CK | OK thank you very much so just again before we start, have you any particular questions |
| SH | No I'm fine |
| CK | OK no problem at all, so what would be very useful for us at the start Seamus is if you could give us a bit of background to who you are, to your particular career in the Civil Service and how you came up coming into the energy branch and starting your particular post? |
| SH | OK fair enough |
| CK | From our records on the 30 June |
| SH | I've been with the Civil Service for quite a number of years, more years than I care to think - 35 years' service now. I started off in what was the old Department of Commerce many years ago and I've sort of come full circle again because the Department of Economy is really... I then worked for a short term in the department of finance and moved from there to DOE and spent the vast bulk of my career up until 1995 in DOE and roads services and various other branches within that and then I moved to the department of agriculture in 1995 based from 1995 to 2001 in Loughry College up in Cookstown and then I moved from then into Peace 2 Branch which was distributing in EU funding in 2001 and moved from there in about 2007 up to foreign policy in Dundonald House in DARD and I was there up until end of June '14 when I moved across in to what was then DETI into the energy division into renewable heat and I've been there since. |
| CK | And what brought about that move into the renewable heat branch? |
| SH | Well to be frank about it, when I working, I live in Newtownards, you're probably aware that DARD at the time maybe not so much now... but have changed Minister but were pushing hard to move to Ballykelly... in the back end of nowhere |
| CK | Yes |
| SH | quite frankly and basically the opportunity came up to go for the advertised internal vacancy and I fancied a change and I thought well you know I don't want to go to Ballykelly so that's basically what, I applied for it and was fortunate enough to get it and that's how I ended up being in energy. |
| CK | OK again and really for our information do you remember roughly when that post, your post which was to become your post was advertised, was there a long lead in time to it? |
| SH | No no there wouldn't have been a long lead in time to it, I mean I think possibly as I say, I joined at the end of June '14 probably 6 weeks maybe, 8 weeks maximum before that. |
| CK | It was advertised? |
| SH | It was advertised internally in the internal vacancies, yes. |
| CK | OK and what sort of application process did you have to go through? |

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| SH | Well you made, there was an online application which would be normal with you know with setting out what you were doing and interested in and then there was an interview |
| CK | OK |
| SH | With 2 colleagues in energy division at the time and I was successful, there was a number of people who came in at the same time both at DP Grade and Grade 7 there was quite a re-shuffle... I suppose was quite unusual but it happened at that time. |
| CK | Yeah because Stuart started... |
| SH | Stuart started the same day as me which is not often you come into a job and your line manager starts the same day as you, yes so he came in on the same day. |
| CK | And do you remember who conducted the interview? |
| SH | It was Alison Clydesdale and Paul Doholan. He's still there |
| CK | OK and was there a specific like job description attached to the role Seamus, setting out what your roles and responsibilities would be, was there something as formal as that? |
| SH | There was a job description Clare but to be honest with you, I can't remember or recall exactly what was on it. It was probably fairly generic in nature although it probably did home in on the key sort of areas to do with energy and renewables and that sort of thing but there wouldn't have been a specific job you know detailed job role that I can remember. |
| CK | OK and obviously so you came in and I know it was a small branch Seamus so you came in at DP level, reporting to Stuart and then up to John Mills? |
| SH | Yes |
| CK | OK |
| SH | By who himself was only in the post for 6 months. |
| CK | OK and in terms of how you worked as a team, how did that look? Did you have like sort of formal meetings every week or every couple of weeks? How did that management structure work? |
| SH | Well in the early days because we were all very new we had a lot of meetings, maybe not so much formal but rather informal meetings sort of brainstorming on a lot of things in those early days, thereafter they were catch up's with Stuart |
| CK | OK so there was nothing formal set Seamus? |
| SH | Not in that sense no that I can recall. |
| CK | OK. Were most of the catch ups between you and Stuart? |
| SH | Myself and Stuart and others on the team, it would depend really what it was about, you know many people were involved. |

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| CK | And how much interaction would you have had with John Mills and I appreciate he was quite senior. |
| SH | Some, not a lot to be honest. Generally any time I had interaction with John would have been with Stuart if we had a meeting or something like that |
| CK | OK so I want to bring you onto when you actually on day 1 when you started and in particular now the handover that there would have been Seamus. I know you know this is coming so obviously you've Peter Hutchison who left in a period of time before you did, I think at the end of April beginning of May |
| SH | OK yes, that probably is right |
| CK | And then we had Davina McKay in post she acted up into the Grade 7 and I think she was there for about 8 weeks and actually I think her time overlapped with your time by about a week? |
| SH | Probably yeah |
| CK | OK so in terms of a handover Seamus, what do you remember? Or if I call it a handover or some means of bringing you up to speed with you know what was on the.....? |
| SH | Well there was a document which you have in the folder there which was really the note that as I understand it had been prepared by Peter Hutchinson for Davina. She had that document, hard copy of that which she gave to me at the time. So that was really the only documentation that was handed to me by way of the actual handover |
| CK | OK and you yourself never actually had any conversations or anything with Peter it was all through Davina? |
| SH | All through Davina at that stage, the only conversation I had with Peter we did have him up one day might be a few weeks maybe the month after I came but it was to do with it was around the domestic legislation with a few queries around what was going on there it was for an hour or so but no other communication no other feedback. The document that I mentioned was the only piece of paper I ever seen. |
| CK | And at the meeting with Peter, and I appreciate it was all about the domestic legislation, did he reference the handover document that he prepared or that you recall? |
| SH | No, I don't recall him doing that no |
| CK | OK and was that meeting solely focused on the domestic or it didn't go into the non-domestic at all? |
| SH | Oh absolutely yes, there was no, not all it was only on the one particular issue |
| CK | OK and a copy of this document, do you know if Davina handed it like to Stuart at the same time or was it just you and her? |
| SH | I don't know I mean she physically gave me the handwritten copy and that's all I had |
| CK | OK so can I just ask because obviously there're 2 different handwritings on the document that we provided? |

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| SH | OK sure |
| CK | So I take it this.... |
| SH | My scrawl yeah |
| CK |masculine handwriting is yours? |
| SH | You're right my scrawl yes |
| CK | So in terms of that document and Davina having handed you the hard copy, did you sit down and go through it with her, do you know and have a verbal conversation around it Seamus, or how did that work? |
| SH | We would have had a conversation Clare, there wouldn't have been anything, I mean we wouldn't have sat there and gone through it line by line or anything like that. Had the document and any queries around it we would have had a discussion, we were in one office so we get to sit across the desk and have a chat round things you know. |
| CK | OK – so obviously this is quite an extensive document and as a handover document it is very extensive. In terms of do you know day 1, getting to grips with what should my priorities be Seamus, like talk me through how that worked or played out? |
| SH | Yes well basically the first or second page into it there was a number of... |
| CK | Immediate actions? |
| SH | Immediate actions really and that would have been what I would have been focussed on and really the main, primary driver at the time would have been the getting the domestic scheme up and running and there were a couple of issues there around which Davina had started on and I concluded on carbon trust loans so the finalising and formalising of her data sharing agreement with Ofgem so that was happening as I say then but the big drive was to get the domestic scheme up and running. |
| CK | In terms of your understanding that that was the priority Seamus, did someone expressly tell you that was a priority or how did you know that was the focus because obviously this list covers a number of things? |
| SH | That would have come down the line from Stuart to me, you know that would have been sort of the direction that we were focussed on was or rather that was the conversation he had with John I can't say but I mean certainly from my perspective that was the role, that's what I was told to focus on was the domestic scheme. |
| CK | OK and that was by Stuart? |
| SH | By Stuart yeah |
| CK | And only by Stuart? |
| SH | Only by Stuart |
| CK | OK and in terms of that conversation Seamus, was that a conversation that happened do you know on week 1 or do you remember....? |
| SH | No no it would have been week 1 because you know he was new and I was new and other were new as well, we were all sort of very much in the same place do you know |

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| | what I mean? So yes it would have been from week 1 we would have been working on that. |
| CK | Yes OK |
| SH | And certainly I do remember a lot of my initial days and weeks would have been around the carbon trust loan issue because there were certain issues around that that we had to resolve |
| CK | Yep |
| SH | Which we did obviously but |
| CK | And if I was to ask you a question because obviously you can chose to prioritise something and sometimes that priority can be such a priority that everything else is sort of pushed to the side or there can be, this can be prioritised but look these things still need to continue and roll over. |
| SH | Yeah we I mean the way it was working the domestic RHI was coming out of the phase 2 review of the RHI and there were a whole lot of things in that, you know I mean there was sort of like expanding the technologies, there was sustainability issues, there was the whole issue of, there was a section on cost control in it as well, but I mean the priority and initially the priority was to get the domestic scheme up and running so that was the focus so the other issues took a lesser priority at that point then. |
| CK | OK and I mean I guess I don't know in the first couple of weeks or months, would you have picked if... and I know the carbon trust loan does impact on the non-domestic scheme Seamus |
| SH | Yeah it does |
| CK | Would there have been other aspects of the non-domestic scheme that you would have been looking at, at that time or did really it just get....? |
| SH | Well no not directly, I mean as I say not in those initial days, in those initial days it would have been the carbon trust loan and to a lesser degree on the non-domestic it would have been the data sharing arrangement and getting that in place |
| CK | With Ofgem? |
| SH | With Ofgem and obviously then the domestic scheme and getting that to a place that could be opened |
| CK | And if we were to look at this note and obviously we're focussing on the non-domestic scheme |
| SH | Yes of course |
| CK | And obviously because of what has happened Seamus you know we're looking at this very... quite blatant note in some ways saying, look consideration of tiered tariffs to prevent excessive payments, you know it was there as an immediate action. When you saw that did you seek clarity from someone as to, look is this something we need to pick up and run with or...? |
| SH | To be honest, not Clare |

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| CK | OK |
| SH | Because initially coming into the thing new, I mean this was all new to me |
| CK | Oh no absolutely |
| SH | You know what I mean so, you know when you're told sort of the priority here is a domestic scheme you know and the carbon trust loan to get those things sorted out. I mean some of those other things on that list you know they didn't probably register with me as something I needed to jump on that, you know what I mean and that wasn't really where much of the focus was |
| CK | OK |
| SH | I mean they were there to be done obviously but I mean not at those initial days no |
| CK | OK and I mean did you... and I do understand all of that |
| SH | I mean bear in mind as well it's worth stressing this point I think, at this outset as well, we had a non-domestic scheme which launched in November '12 and that was end of June '14. We were struggling to get uptake |
| CK | I know |
| SH | So you know really that was another issue, I mean there was a programme of advertising organised through Navigator Blue as well to push the thing so you know you have to think about it in those terms too and that we weren't really dealing with something that was running well |
| CK | Yes |
| SH | You know so and as I say, we wanted to expand it to the domestic to get that other wing on to it, do you know what I mean? |
| CK | And again these questions are just for clarity Seamus, but in terms of you just confirming look, there's other things on the list |
| SH | Yeah |
| CK | Did you seek confirmation whether from it was Stuart or through Stuart you know to John that it was OK to come to these things later and to pick them up later? |
| SH | I can't honestly recall Clare to be honest with you |
| CK | OK |
| SH | I mean certainly you know I may or may not have had that conversation, I don't know but you know as I say we focussed on certain things and that's you know where it really went |
| CK | OK and just around that priority of the domestic scheme, I mean obviously Stuart communicated which is quite right given he is your line manager that that was the priority, do you know what driving that priority? |
| SH | Well I mean there was a lot of things driving that I mean obviously there was the fact that there was a domestic scheme across GB that was a driver... our political |

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| | representatives were all aware, this scheme had been talked about for a long time. There was quite a lot of correspondence both from MLA's and from members of the public around getting a domestic scheme up and running. The Minister would have been lobbied about it as well and would have been keen to see happening it sooner rather than later, there was a whole lot of things merged into one there. |
| CK | No absolutely |
| SH | There was a fair bit of pressure to bring it on you know |
| CK | OK and obviously you mention the phase 2 consultation, so obviously before your time, July to October 2013 you in your time obviously taking the domestic part of it forward, obviously at the consultation process it covered the non-domestic as well and as you've already referenced Seamus, it talked about cost control |
| SH | Yes it did yes |
| CK | And introducing that wasn't full degression but like a form of triggers? |
| SH | Yes it was really, how do I best describe it to you, as I suppose an application queuing type approach. If your budget hits certain limits you do X it hits another you do Y, but it was really queuing that was obvious you weren't really saying the applications won't go anyway with but you just move them further down the line |
| CK | And when did you become aware if you can recall when you knew there was a suggestion that cost control measure was being muted on the non-domestic scheme? |
| SH | Well once we got the domestic scheme up and running in the December '14 the focus then very much moved to the rest of phase 2 which included obviously that cost control issue you mentioned but it also included you know the expanding the technologies and doing all of those things so that was what came into the mix. Even at that stage even in early 2015 the scheme was still under performing really you know what I mean so again cost control, it was in there it was in the mix but we at that stage were still pushing ahead with how can we get more technologies and you know expand this scheme and then obviously later into the year it became a bigger issue because we started to see the hike in applications and then we moved to as you know in November '15 then brought in the tariff changes which included the cap and the 2 tier. |
| CK | So just again for clarity, so in terms of the consultation responses that had been gathered in 2013, in terms of starting to look at the responses for the non-renewable scheme Seamus they weren't really picked up until after the domestic scheme was then so essentially... |
| SH | Yes essentially so yes |
| CK | OK and no one was really asking, what about that scheme because everybody knew really the focus was on the domestic scheme? |
| SH | Yes |
| CK | OK if you can take me forward to March 2015 and what happened to start or what was the trigger for realising whether the numbers were increasing or how did that happen? |

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| SH | Well what basically happened, we still get and would have done at that stage weekly application reports from Ofgem and we would have been keeping an eye on the number of applications that came in weekly and from about I suppose maybe April / May of '15 it started that the numbers were going up and we realised.... |
| CK | In terms of applications? |
| SH | In terms of applications so we realised OK we need to maybe look at this there's something, we're seeing something happening here and that clearly brought things into focus in terms... and around that same time then we had the issue with the money, the clarification of it, was it AME money, was it AME... and all of that fed into the mix and sort of it became clear that we needed to move on to run the risk of having budgetary issues and we needed to move to do something about it. |
| CK | How did the AME, we'll deal with that first, the AME issue raise its head? |
| SH | The AME issues raised its head Clare very late in the day to be frank, it was well into 2015 because we were of the view from day 1 that it was AME money, it was demand led money, you had a scheme here and we didn't really know if many people were going to take it up so like free bus passes or any of the other AME type projects... |
| CK | Yeah |
| SH | We were under no, we had no concerns there was anything and basically in the early days the view would have been we'll if we need more money some people are going to have to ask for it from treasury to be able to get it and then it became clear that wasn't necessarily the case and that there was an issue. |
| CK | And do remember know how that became clear or how someone picked up on that? |
| SH | I think what happened was the email was found in the system. |
| CK | Just for the purposes of the tape it's now 2.30 and Ian McConnell from PwC has joined the interview. So Seamus we were just covering off the AME and how that had been brought to your attention and how you wanted to actually share how that had been brought to your attention. |
| SH | Yeah well I think it came it was possibly Stuart to find the email or somebody brought to his attention and then I would have been aware of it by him |
| CK | Yeah OK |
| SH | Because as I say I think it was only found by accident |
| CK | And can you remember roughly so March 2015 and the application numbers were showing as spike |
| SH | Yeah well they started to rise I suppose really from April, there was a rise probably in March over the previous months but it was really when they started to show consistent rises through April / May time |
| CK | OK |
| SH | And we realised, yes there is something happening here |

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| CK | OK and in terms of those weekly reports from Ofgem, I mean you would have been getting them from way back so actually probably from day 1 that you were in post Seamus you would have had those Ofgem reports and they would have shown obviously application numbers, they would have shown the tariffs that were applicable like we've seen and it also would have shown the usage and the boiler usage in terms of number of hours OK, I'll call it installation but it would have been running. |
| SH | Yeah yeah, well from the applications yes |
| CK | Sorry so in those weekly reports whenever we're looking at usage, or it's from the actual application |
| SH | No it's application |
| CK | Oh it all application data OK and would that or was that your responsibility to review those weekly reports or when they came in Seamus what was the process of considering reviewing them and monitoring them? |
| SH | Well bearing in mind again for most of the time we weren't seeing major increases on a weekly basis you know what I mean. But it was a question of watching what was happening, new applications coming in, how many applications were getting approved, you know just to keep a tally on what was happening with the scheme |
| CK | Yes |
| SH | On an ongoing basis really |
| CK | OK and who did those reports come into, was it you or Stuart or...? |
| SH | They came in to 2 people, they would have come into me directly and they would also would have come to our finance side of the house as well |
| CK | Right OK so was that Bernie? |
| SH | No that sorry when I said finance I mean within the energy division it was Sandra Thompson that's from the payment point of view |
| CK | OK |
| SH | And then in terms of the reports, the content of the reports I mean I would have briefed Stuart what was in them summarising and occasionally he would have seen the report as well but it was very much a monitoring brief as to what's gone on there. |
| CK | OK and what were the particular things, the significant things that you were looking for in the reports? |
| SH | At that stage we really would have been looking at application numbers because bear in mind we started off with a scheme that wasn't doing very well. We had paid Navigator Blue a brave amount of money to promote the scheme and we were watching to see is this actually making a difference here, are we getting more applications into the system? |
| CK | OK so in terms of those usage figures and I accept that they're just application figures Seamus they wouldn't have been a focus of attention? |

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| SH | The usage figures we would not have been looking at them no not in terms of the projected hours they wanted no we wouldn't have been looking at them at that stage. |
| IM | My understanding Seamus was that the reports coming through from Ofgem were showing actual usage as opposed to projected usage? |
| SH | No those weekly reports are taken from application data. There are reports that come into finance for the payment side of things would have been showing actual data but that monitoring report that we're talking about, no it was only typical application. |
| IM | Well I've seen a report example was given a sample or a copy of the report from August '13 which basically says, look here's the, accredited applications to date there was maybe about 40 at that time since August '13. Here's kind of the data, here's the actual as I understand it, actual usage in you know the kind of week |
| SH | No I mean the report that comes through now, that still comes through now is just a large spreadsheet. Application reference number, boiler size, boiler efficiency, estimated hours running |
| IM | Projected hours running? |
| SH | Yep that's it |
| IM | So if I look then back if I look back at that report and assume it's project hours running as opposed to actual based on a quarter of.... |
| SH | Yeah now was that on an excel spreadsheet format? |
| IM | Yeah |
| SH | Yeah |
| IM | But when I look at that and I look at the, so whether it's actual or projected when I look at the number of hours right, even if it's projected, the projected hours are at a level which are way beyond the level assumed in the initial model which drove the tariff calculations etc. Like away that was in August '13, that was a few months after it went live. The kind of numbers, you know the 17% assumption that underpins the model, like I think it was like only 1 out of the 40 that were projected to do less 17% or less, all of them were 40, 50 |
| SH | Way over |
| IM | Way way over, so right from early doors there was the application data then would have been suggesting the assumptions of the model can't be right based on what people are saying they're going to use this for |
| SH | OK |
| IM | You know the money is going to run done |
| SH | Yeah fair point Ian, but we wouldn't have been looking at that at that time |
| IM | Right you wouldn't have been looking at that, right OK. |
| SH | No and I think when we have mentioned that to Ofgem latterly they would have taken the view that people did different things with the applications. Some of them would |

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| | have put in higher hours thinking if they put it in high it would be sure to get in. Others took the opposite view and put in lower hours so the actual hours, the hours against the application probably bore little or no relation to what the actual hours might be |
| IM | How frequently then would you have got actual stuff through so obviously the meter readings go in periodic data, would Ofgem they then have a record of what was actually being used so how frequently would you have got that, how would that have been presented? |
| SH | Those would come in weekly as well, not to myself now they would come in for payments processing |
| IM | So the actual hours would have come into finance in the energy division Seamus? |
| SH | In the energy division yes |
| IM | So if you kind of talk us through, so in August '13 just to take that date, who would that have been, well that's before your time so when you come in June '14 who was in finance, Sandra? |
| SH | Sandra Thompson would have been the person who would have got those reports directly |
| IH | And was anybody then looking at them so yourself, Stuart, John or did it just literally go to Sandra, it was a finance thing? |
| SH | We wouldn't have looked at them |
| IH | None of the three of you? |
| SH | No not at that stage no |
| CK | And this isn't a trick question, just in your interactions with Ofgem because I think you mentioned there that you had mentioned it to Ofgem and that you mentioned and then taken it around how the credited hours didn't... |
| SH | Yeah I mean that conversation, we've had that with Ofgem, you know several times since that, I can't even say when the first time we would have even asked about that you know but we did ask the question obviously. |
| CK | I mean it's interesting, we've spoken to Ofgem and the reason we've spoken to Ofgem Seamus about this is because there's a specific reference to Ofgem in this handover note and a conversation that Peter had with Edmund and you know specifically it's around the tier tariffs and it's saying look it's becoming apparent that payments made to installations are higher than we've been expected under the CEPA modelling and there's obviously that conversation specifically. Whenever we've spoken to Edmund he says that he recalls a meeting, there was one in April which would have been before your time but one in October 2014 and he references John was there, Stuart was there and yourself was there and the particular issue about how these usage figures were actually different than would have been expected was raised with the department and it flowed onto a conversation about look, if you want to do something different, he can't recall a tiered tariff were mention specifically but he does say that his memory is that they started talking about cost control and how the systems that Ofgem had in place because of the DECC scheme could very simply be |

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| | rolled out into NI so if NI wanted to do it then that was possible. So do you recall a meeting of that at all? |
| SH | I honestly don't recall that, I can't recall that discussion |
| CK | OK do you recall meeting with Ofgem. Meetings say that John, Stuart and yourself would have been at? |
| SH | I certainly would have been at... |
| CK | Ones where they came over |
| SH | There would have been meetings and there weren't over that often with us but there were times when they did come over and there would have been meetings, I do remember one meeting probably later than that I suspect were with Ofgem, with Chris Poulton and Gareth John and John Mills and Stuart and I was at that one as well but that was to do with change controls and stuff like that. I can't recall, was it October you're saying? |
| CK | It was October he was saying it was part of our annual reviews with budget planning, exercise that they would have done |
| SH | Unless it was the meeting I'm thinking of but I don't recall the conversation |
| CK | OK but you were talking about change controls? |
| SH | Sorry when I say change control, the change control document was really the one they submit us their costings and we would agree or disagree if it was for the administration of the scheme which would be done on an annual basis |
| CK | OK – so nothing up until March 2015 that would have necessarily caused you any concern? |
| SH | No |
| CK | And so in March 2015 and you're saying the concern was because the application numbers were starting to increase and increase on a regular basis? |
| SH | Yeah |
| CH | At that stage would someone have picked up on the sort of usage numbers or looked at the usage numbers in terms of how many hours the boilers were running for? |
| SH | I don't think at that stage we did, I certainly wasn't aware of it |
| CK | OK |
| IM | Maybe you've covered this Clare but just in my mind so can we go back to the handover note so Seamus you're saying is you got that from Davina? |
| SH | Yep |
| IM | So you know what if any, red flags or issues did you pick up from that or did others then pick up from that? |

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| SH | Well the key, as I said earlier Ian, the priorities that I was presented with from that obviously the biggy was the domestic scheme but there was 2 other issues to do with the non-domestic scheme 1 being the carbon trust loan issue and the other one being the agreeing of the data sharing protocol, so those were issues I was involved in from the off. |
| IM | But I guess I'm interested in you got the handover note when you read through Peter's handover note, it flags the issue of potential heat wastage. It talks about Janette O'Hagan blowing the whistle or however you want to describe it. |
| SH | Yep, yep, yes |
| IM | It talks about Ofgem having raised the fact that usage is much higher than they would anticipate and it raises the concept of tiered tariffs |
| SH | Yeah |
| IM | Was that just ignored, was it not identified, was it forgotten about? |
| SH | No I think it just wasn't prioritised Ian because at that time the scheme was not performing, you know we had very very small numbers. |
| IM | But you appreciate I guess you could have a small number who are abusing it as well as a large number, it doesn't necessarily run.... |
| SH | No I appreciate that but that's what happened |
| IM | But that was basically it |
| SH | Yeah yeah |
| IM | And so it raises that then, it raises well the consultation paper raises cost control as something that's required and then obviously that wasn't pulled through either? |
| SH | Yeah it wasn't prioritised at that time, it was taken forward, it was still there to be taken forward but it wasn't, the priority was domestic. |
| IM | And then the third thing is kind of the review and monitoring so January '14 so it was the start of the review process |
| CK | We haven't covered that so if you want to... |
| IM | That review didn't happen well didn't start in January didn't end in April but right throughout '14 there was no review, again was there a conscious decision not to carry out a review or was it just something that just didn't happen because people were too busy doing something else or? |
| SH | I think it was sort of wrapped up in the, to some extent, in the phase 2 looking at the whole phase 2 review which was looking at things like expanding sort of the technology base of the scheme. |
| IM | That was done, that was during the consultation paper that went out in July '13 closed October '13 so I get that so we know the consultation paper it had some specific things to non-domestic RHI mainly cost control |

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| SH | Yep |
| IM | But nothing seems to have happened with the kind of non-domestic stuff that sat in the consultation paper? |
| SH | No the priority would have been the domestic at that time |
| IM | OK but then you also, you know the business case outlines the need to carry out, initiate and commence review in January 2014 of the scheme and we know that actually the review needed to be completed also because DFP approval was required in early '15 because the 4 years were running out but nothing seemed to happen and I'm trying to get my head around why? So you know did someone say, no look that review's not important, the scheme's not performing, we're too busy doing other stuff or was it just literally a kind of, was it overlooked or? |
| SH | I think, I'm not aware of anybody ever saying we're not going to do that, you know this didn't appear on the radar |
| IM | It never was discussed? |
| SH | No |
| IM | So for me the nub of this really Seamus is look, there are kind of a number of red flags around wastage, the need for cost control and the kind of review and monitoring of the scheme given the volatility of it given the assumptions were always going to change right? |
| SH | Yes |
| IM | Three big things, |
| SH | Yes |
| IM | They all existed and they all were talked about and known from kind of mid '13 to early '14 handover note actually summarises a number of them in the one place, but nothing seems to happen |
| SH | No, well yeah |
| IM | And you know, what I'm really interested in is was there a conscious decision taken to say, no it's all about the domestic? You referenced about the domestic but like did you kind of come up with that in your own mind or that was flown down to you? |
| SH | No no – that was flown down to me |
| IM | Who from? |
| SH | I mean initially from Stuart to me obviously but I mean I'm assuming that would have come down to Stuart from John yeah |
| IM | And literally it come down in steps as opposed to, you can't recall the kind of edict coming out which said, look guys the priority for the next 6 to 9 or 12 months is this the domestic scheme, you must get the domestic scheme up and running at all cost, get domestic scheme up and running? |

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| SH | No there was no way there was no edict as such but I mean it was certainly that was the focus |
| IM | Right OK |
| SH | That' what we were doing at that time |
| IM | And no one necessarily therefore again, did anybody recognise the potential risk and consequences of doing that in terms of the non-domestic? |
| SH | I don't recall any discussions in that regard no |
| CK | It was there in the risk register, do to you in terms of being too generous of over and under spends, do you know when they are in the risk register from day 1 |
| SH | Yeah |
| CK | Seamus so who's responsibility was it to review those risk registers on a regular basis and make sure they were up to date? |
| SH | Well I mean I suppose it was the branch responsibility really you know I can't recall, you mean who physically in the branch would have been looking at them? |
| CK | Yeah because this was a risk register that was specific to the non-domestic renewable heat scheme |
| SH | Yeah well they would have been reviewed in the context of you know internal branch meetings, that would have been the forum that those would have been looked at |
| CK | As a collective? |
| SH | Yes |
| CK | OK and who actually, wasn't there like version control and stuff in them, who would have actually gone in? |
| SH | And typed them? |
| CK | And made the edits? |
| SH | I don't recall who would have edited it to be honest with you |
| CK | OK |
| SH | I'd need to go back and look, I don't know. |
| CK | OK and the reason I'm focussing on the risk |
| SH | Certainly, I physically wouldn't have been working on the risk register so I don't know |
| CK | OK so that wasn't part of your role or responsibility? |
| SH | No |

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| CK | because the reason it's relevant to Ian's point is the key control that was listed for a number of those risks to be fair was the review, do you know so even if do you know and I know the new team came in you know so you weren't involved in the business case, you weren't involved in regulatory impact assessment so maybe |
| SH | I think the problem really stems from the fact that you know normally in a scenario where and obviously staff do move, that's a fact of life in any organisation, but what happened at that time within energy division, you know I have never come across in 35 years as a civil servant you basically had from the director and grade 5 down to DP changed in one foul swoop so you know you do run the risk of knowledge going out the door and you know you're depending on a handover note I suppose to capture everything and maybe more than that to recognise what that all meant as well if you know what I mean? |
| IM | The relevance? |
| SH | Yep |
| CK | Because it is all there to be fair in the handover note |
| SH | Yep |
| IM | And it's not just in the handover note, you know the consultation paper, so you had the risk register which is flagging it, still a live document, you had the consultation paper which was flagging the issues of the need for cost control and the importance of review. You had the handover note which was saying, we have people flagging to us externally that there may be issues, Ofgem are flagging to us that they may be issues, Ofgem subsequently flagged beyond the handover note there may be issues. You had the need for reviews didn't happen, to be honest there's kind of a litany of things that sat around that it's not just one thing, it's not just the handover note that glories isolation there're quite a number of things here that certainly looking back with the benefit of retrospect, a number of things were sitting around this all of which said, you know there are things here which need considered, looked at, reviewed but nothing happened. |
| SH | Yeah |
| IM | And if I'm hearing you right Seamus you're saying your take on why nothing happened was that everybody was completely focussed on the domestic? |
| SH | Yeah focussed on the domestic scheme and also I think probably there was an element of you know the numbers at that early stage were not being on the non-domestic the uptake was not that high, we were trying to promote uptake so and that was... the focus on getting domestic open I suppose was one way of trying to prove the uptake of the scheme overall in terms of across both the commercial and domestic sector |
| IM | And to what extent were people looking over their shoulder at the GB because obviously in GB you know if you take uptake swung really quickly, they went from not having cost control to having cost control to having depression within a very short period of time driven by a change in circumstances so you know it should have been apparent I'd have thought to people that my goodness circumstances can change so we need to be preparing for things that may happen as opposed to things that are happening at the moment. |
| SH | Yeah fair point |

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| IM | Again no-one was talking about that, that wasn't being discussed, focus on domestic? |
| SH | Yeah |
| CK | Did you ever flag Seamus that there was, the department, the branch required more resource? Are you aware of anybody flagging that issue? |
| SH | No I personally didn't, I don't know whether others did. |
| CK | OK |
| SH | But I don't know. It's certainly a very small team |
| CK | It is – Janette O'Hagan, Seamus when did you become aware of her, when did you first hear her name? |
| SH | The only time I heard Janette O'Hagan's name was whenever she had sent the email in to Davina, sorry I think she attempted to approach Peter Hutchinson it would appear from this trail here, it got to Davina and then Davina had passed it on to me, that's the only interaction I had with Ms O'Hagan I think that was in March '15 |
| CK | And whenever that email came in and I know that you responded, did a bell go off Seamus that you'd heard her name before, did you link it with the handover note? |
| SH | No, I honestly didn't link it with the handover note |
| CK | OK |
| SH | I did not, in fact I didn't realise she was actually mentioned in the handover note until way, quite recently actually, looking over that again when I saw her name mentioned I mean at that time we would have had a lot of inquiries about various things coming in you know so as I say the name didn't mean anything to me |
| IM | In your response to her Seamus you talk about a phase 2 review |
| SH | Yes |
| IM | Extension of the scheme, new technologies and tariffs although I think those tariffs are respective of new technologies |
| SH | Yep well yes and no, it was wider than that, it was tariff generally Ian you know. |
| IM | And then you go on with regards to tier funding was not being proposed, maybe at a later day that budgetary control measure |
| SH | Yep at that point we were looking at the cost control model that we had in the phase 2 consultation paper which was really an application queueing type of approach as opposed to a tiered tariff |
| IM | And that was for the domestic scheme though? |
| SH | No that was non-domestic |
| IM | Non-domestic |

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| SH | At that point bear in mind, I don't know what the numbers would have been but I mean even in March '15 the total numbers on the scheme wouldn't have been massive |
| IM | No sorry that was the cost control measures as proposed in the consultation period there was a structured 50%, 60, 80, 90 and we take it... |
| SH | But in the event obviously as indicated from that point on because things did move and the application numbers did rise and consistently rise the moves we actually made in November '15 did include a tier tariff cap |
| IM | Why did it take so long from the kind of issues then you know suddenly being recognised let's say in kind of February / March '15, why did it take to September to do something about it, to make the announcement because I guess you could say that every week that passed, every month that passed people were applying or being accredited, getting a benefit of the old scheme? |
| SH | Yeah well there's due process around all of this Ian, you know and one of the complicating factors around the legislation associated with renewable heating it's affirmative resolution, has to have a debate in the house, it's not you know so there's a number of more stages to it before you can get it through and you know I think that the proposals probably went up July time, you know then obviously you had summer recess and you know then November 17 th / 18 th came into operation you know so in the scheme of things that's probably not an unusual time frame for affirmative resolution. |
| IM | And I guess I'm interested you know, through the last 2 or 3 months and doing the kind of inspection process and looking at kind of the Ofgem role, looking at the design of the scheme and all of that and trying to piece together where this all went wrong, did you not at any point I guess, you know, kind of recall the handover note or Janette O'Hagan or those things? Because again, I suppose we were flabbergasted in many respects that kind of these things come to light a day off a PAC hearing when in essence this kind of material existed for quite a while? |
| SH | No I mean it wasn't to be honest with you, as I say Janette O'Hagan, I mean I obviously would have read that note and initially when I got it and I mean again on day 1 reading through that obviously the priority issues were on the front of it. When you get into the back pages of it, I mean at that time it would have meant very little to me and her name hadn't come up again until March '15 so I would have had no reason to think; hang on I know that from somewhere you know. There would have been other people who on various other things, not this issue but we would have had a lot of regular communication from members of the public, companies or whatever, mostly asking, when's this opening, when's this happening as opposed to you know issues of that nature. |
| CK | And what about the specific issue that Janette was raising in her email Seamus and this was particularly around do you know heat wastage? Which to use the terminology we've used throughout do you know contrary to the intention of the scheme, I mean what struck you about that, did it resonate with you? |
| SH | It didn't to be honest Clare, and the line that went back to Janette at the time there was the sort of the line that we were taking in relation to phase 2 and I mean those sort of issues, I mean hindsight is a wonderful thing, you can look back and say, gosh yeah that was something I think we should have looked at a little bit closer at that but you know but we didn't and I mean that line that's there, that's what I would have agreed that with Stuart because that was our line back. |

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| CK | And is that issue, obviously she responds to you again, do you know later that night? |
| SH | Yeah |
| CK | Did you respond to her again or...? |
| SH | No |
| CK | Or did you do anything with that email coming in? |
| SH | No we didn't |
| CK | OK and Stuart's copied into that one? |
| SH | Yeah |
| CK | OK and was that particular issue that she was raising, like was that put on to the risk register, was it escalated at all, what would you have expected I guess to happen? |
| SH | I don't know whether, I don't recall it being put onto the risk register, I don't believe it was |
| CK | OK |
| SH | I think it would have been taken in and around as issues that are raised in a general sense you know and as I say we didn't have any knowledge of the lady or I certainly had no dealings previously with her |
| CK | And in terms of the information she was providing you with, which was around you know heat wastage and basically the usage of the boilers, was there any attempt to verify that information by going and looking at information from Ofgem to see what the actual usage was? |
| SH | I don't believe there was no |
| CK | And you do mention tier tariffs in your response to her, you know at that time was that something, sorry I think you say 'it's not for now maybe' but can you recall when you started having discussions around tiered tariffs? |
| SH | We would have been having discussions around the tier tariff from early '15 probably really because once we got the domestic scheme launched then the focus was very clearly back onto the non-domestic and phase 2 of that and I mean certainly at that time we would have been thinking around all of the issues in the phase 2 consultation and we'd have been looking at the cost control model that was in there in terms of the application queueing system and looking at other ways of doing that as well, you know rather than going down that way and ultimately that's what happened because we did end up going down a totally different avenue we brought the tier tariff in and that cap from November '15. |
| CK | So correct me if I'm wrong, tier tariffs was specifically mentioned in the public consultation though was it? |
| SH | No it wouldn't have been no |
| CK | But was this something you were considering because of the DECC scheme or? |

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| SH | It was something we were looking at, we would have been looking at the cost control model that was in the consultation document and sort of thinking how useful that was going to be and that would have brought on the conversations and looking at other things such as tier tariffs and was there a better way to do it you know |
| IM | So you're saying tiering was discussed in the context of being a cost control measure as opposed to necessarily being a reaction to suspected or actual heat loss |
| SH | Yeah |
| CK | And can you remember when those decisions actually were firmed up, because you sort of mentioned July '15? |
| SH | Well from memory Clare the submission with the proposals would have gone up to Minister early July '15 so we would have been looking, firming them up in the week or two before that |
| CK | And does Janette O'Hagan stand out as a unique example Seamus of someone having brought to the departments attention issues that they believed were out there with the scheme, like was there anyone else who approached you or had you heard anything else? |
| SH | I'm not aware of anybody else who has brought anything directly like that to us |
| IM | To go back to this Seamus to kind of the handover so you come in in June '14 and Stuart came in shortly or after |
| SH | No same day |
| IM | Same day – and that at that stage John Mills was essentially was the grade 5 and so what kind of you know typical interaction did you have with John in terms of yourself and Stuart, what kind of line management, what kind of support? |
| SH | Well most of my interaction would have been directly with Stuart. I would have some contact with John but not a lot |
| IM | Right and then John was there right through to....? |
| SH | John left in May this year. |
| IM | '16? |
| SH | Yeah |
| IM | So the benefit of your hindsight, when you look back, what's your sense of kind of, what were the key pivotal moments where kind of mistakes were made, things were missed, you were to do something different or you think the department should have done something differently, I'm sure you've reflected on it but? |
| SH | Hindsight's a great thing but I think really from day 1 we should have been keeping a closer eye on what was actually happening out there and modifying it accordingly and we didn't do that. As I say part of that I think fell down to the fact the scheme was under performing for a couple of years or more than a couple of years and the focus was on how do we get people on to this thing, not on, not what are the ones actually on it doing? You know and making sure that was right, things like that and the design |

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| | of the scheme, I mean there are things like the multiple boiler issue for example is a classic one that you know |
| IM | And again to be fair flagged in Peter's handover note because the number of applications and the fact that they're all almost sub 99, now I don't think he quite recognised that it was people playing the system, he thought there was something wrong with the tariff sub 100 plus but none the less it was evident there was an issue. |
| SH | To some extent it was the tariff as well Ian because what you had, you had a situation where you had a tariff that dropped from 6.4 to 1.5. If the tariff had of been 6.4 to 3.5 or 4.5 well then you probably would have had |
| IM | A better range |
| SH | A better range |
| IM | But it did flag the fact that the design was driving behaviours that weren't anticipated or expected and I guess no one really took the time or effort to understand why and what that meant? |
| SH | That's a failing |
| IM | It's been suggested to us by others that there was a conscious decision taken to prioritise domestic so it wasn't just about oh there was so much work here and that's where we ended up working and de-facto other stuff didn't get done but in essence you know it was recognised other stuff wasn't getting done on the non-domestic but it was consciously decided that that's OK we can't do everything so we're not doing that, we're going to concentrate on domestic |
| SH | Well certainly there was a consultation on domestic, I'm not aware and certainly nobody said to me |
| IM | Don't do...? |
| SH | Don't do X, Y, Z, I mean it was a question of really what was prioritised, and that was the priority and you put your efforts in to that you know so. |
| IM | And you're saying that priority was from Stuart to you and then Stuart would have got it from where ever? |
| SH | Yep |
| IM | I'm interested you talked about the kind of continuity in the handover, and you're right that consistency of succession is a big challenge. You obviously had moved to other departments in your kind of career in the civil service, so was the handover or your experience of starting in energy typical of all the other times you had kind of taken up a new challenge? |
| SH | No certainly not typical, I mean no different in the sense of anybody moving into a new work area and you learn the job and learn from people around you. Very different in the sense that you arrive in and day 1 your boss, he starts with you, his boss is only 6 months in post and other people in the branch as well. I mean I share an office with another at that time another 3 people and the 2 of them were new as well, you see there's 5 of us in the office 3 of us were new. One guy started the same day, not working in my end obviously but so there was a massive... |

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| IH | Surely as the individuals who were new then, you in fact recognised the fact that my goodness, we're new, the people around us are new, so how do you react and how do you respond in that situation to make sure you don't create a risk? |
| SH | Well I mean all you can do is learn from those around you and try, the problem we had was.... |
| IH | OK so no one around you knew anything so. |
| SH | Well you were obviously relying on documentation that was left and what came down from the top of house, I mean with John he had some knowledge you know so what he was feeding down the line to Stuart would then come all the way down the line to me |
| IH | Well I guess maybe I'm wrong but it doesn't appear that there was a huge reliance on documentation you know that people recognising that, we can't learn from those around us really because everybody's in the same boat therefore so we're going to have to defer to what's written to read up, to inform ourselves to get ourselves read up you know... if the handover note is representative of that, it doesn't appear to have had a lot of attention is that fair? |
| SH | That's fair. |
| IM | Anything else from you? |
| CK | No nothing else, I have nothing else. Leanne anything? |
| LC | No |
| IM | OK |
| CK | Seamus is there anything you want to bring our attention to anything? |
| SH | No I'm fine Clare I think |
| CK | OK well thank you very much again Seamus for coming in. It's 3:05pm and the interview is finished and just to ask again Seamus if you could keep the content information or interview confidential. |
| SH | Yep sure things |
| CK | Many thanks |