

Notes of interview
Wednesday 4th January 2017
 Bernie Brankin

Attendees:

| Name | Initial | Company |
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| Bernie Brankin | BB | - |
| Clare Kennedy | CK | PwC |
| Keith McMaw | KMcC | PwC |

Meeting notes:

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| CK | Just for the purposes of the tape it is Wednesday 4 th January 2017 and it is 2:20 in the afternoon. It is the interview of Bernie Brankin and in the room with Bernie we have Clare Kennedy and Keith McMaw from PwC. So Bernie for the purposes of the tape can I just reiterate our thanks for coming along and for agreeing to co-operate in the interview process. I know that you are retired that you don't have to so we do very much appreciate and again just to reiterate Bernie whatever you can remember we don't expect it to be exact or precise but whatever you can remember would be very helpful. If you can't remember Bernie please just say so and that is absolutely fine because certainly some of the things at the start of the interview we will be touching on are quite some time ago and I do appreciate that again if a question that we ask is not clear please again just ask us and we will re-phrase it and ask it again hopefully in a more clear way. |
| BB | That's fine. As I said I am relying on my memory which mightn't be absolutely precise but should be in around the times. |
| CK | Well honestly any help you can give us Bernie would be brilliant. Now just again for the purpose of the tape Bernie you have confirmed that you are happy for the interview to be recorded and that you don't want to have a copy of the transcript that's fine and the other thing Bernie I would ask is that we have other interviews still to conduct so if you could please keep the content of the interview confidential I would very much appreciate that. |
| BB | That's fine. I don't really come into contact with any of my ex-colleagues because you know now that I have retired for four months so I haven't seen any of them since I left at the end of August so yes I understand. |
| CK | Thank you. And just to confirm then it was end of August 2016 Bernie that you retired. |
| BB | Yes. |
| CK | The very last day of August was it? |
| BB | Well I think a couple of days later it was the Friday the last Friday in August. |
| CK | That's great. |

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| BB | Yes I had applied for the Voluntary Exit Scheme and was unsuccessful but I think it's once you take the decision to go for Voluntary Exit then I thought well I've had 38 years' service so you know it wasn't too much of difference it was only the reduction was only in relation to going early for 2 years so yes its very nice to be retired. |
| CK | Yes I'm sure you can recommend it. I am interested Bernie that you talked about your 38 year service was that all within what was then DETI or what was your Civil Service career? |
| BB | It was in DETI and previous forms of it so I hadn't changed departments or anything so it's all been with what was DETI before it became the Department for the Economy. |
| CK | Ok and always within the Finance Division? |
| BB | Yes always within Finance. I have worked in accounts branch as well which is part of the finance division so I've worked in accounts I've worked before that in a finance role for training centres which were part of the department then so it's mostly been in the vast majority of its been in finance. |
| CK | And the role that you had then before you left and to my understanding was the grade 7 position within finance was that right? |
| BB | Yes. |
| CK | When did you take on that role? |
| BB | Oh dear. |
| CK | Roughly. |
| BB | Let me try to think. I'm sure personnel can give you or HR can give you the exact date. That's so long ago I can't even remember because I know I did a spell in accounts branch and then I came up to finance it would have been in Derek Hardy's time which is a long time ago but I would only be hazarding a guess at it so I think that it's quite a long time undoubtedly. I can't even think of what the year would be for that. |
| CK | Ok and how many grade 7s were there within the finance division? |
| BB | Well if its finance branch it depends on what you are talking about because the division takes in, Trevor's division has quite a number of branches but within finance branch which was what I was head of was the finance branch there is one grade 7, one DP and 3 staff officers, one EO1 two EO2s and there was two AOs but that was reduced to one. So that's the finance branch but then Trevor would also have had responsibility for accountability and casework and that would have had a grade 7 which was Ian McFarland. |
| CK | Now that's great because these are names that we have seen Bernie and haven't necessarily been sure who they were. |
| BB | And then Trevor would also have had responsibility for internal audit and he would have had responsibility for accounts branch which would have been David Conliffe and I think he was a grade 7 and sorry I didn't give you Michael Woods would have been his internal audit grade 7. |
| CK | So four branches? |



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| BB | Yes. |
| CK | OK. So can you just tell us at a very high level Bernie what finance branch would have been responsible for? |
| BB | Finance branch would have been responsible for first of all securing budget for the department and that would have been through budget exercises which are normally on a 3 or 4 year period and that would have been about going out to commissioning the budget exercise looking at that and what monies were required and additional monies in terms of bids referred to at that stage. |
| CK | Are these the in year bids? |
| BB | Yes well no this would be going across a 3 or 4 year period so there are different ways of doing the budget but mostly the budget was set in terms of you know resource capital and looking at what your requirements are and then we would have looked at that internally and put a submission to the minister and then down a return to DFP then that translated into in year exercises which would have been monitoring rounds which there were 3 now that's looking at a single year having securing your budget for 3 / 4 years then you look at in year monitoring looking at a single year you would be doing that through 3 monitoring exercises and basically that would have been looking at in year resources and ensuring because as the budget is set over 3 / 4 year period to obviously tighten that up to in terms of what your actual requirements are when you're in year and you have maybe a better idea of how things are going so we would have been doing that we would also have been doing main estimates and supplementary estimates which is securing that's a means by which each department secures its agreement from the executive to spend in year. That's the main things we would have been doing. |
| CK | And in terms of what you are describing and securing the budget for the department and the 3 / 4 year period and then breaking it down on an annual basis that essentially would have been the sort of the DEL the Northern Ireland block grant? |
| BB | It's the Northern Ireland block grant that DEL and it would have been AME as well. |
| CK | Oh it would have been AME as well? |
| BB | Yes. |
| CK | But obviously the source of AME then was different? |
| BB | Yes the source of AME is different but it was the same. AME was the exercise there was two main exercises for reviewing AME which sometimes sit alongside monitoring and sometimes are additional to the monitoring exercises and your AME would be secured as part of the budget exercise as well. |
| CK | Ok so the budget exercise this 3-4 year one would have been both DEL and AME? |
| BB | Yes. And the in year monitoring exercises sometimes the AME exercises were done alongside those monitoring exercises or they could have been done separately to it but there is normally about two main AME exercises in the year. |
| KMcM | OK. |
| BB | The AME exercises though there is an additional layer on that because for DEL we are reporting to DFP and DFP are managing within the block but only AME exercises we |

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| | were reporting those to DFP to two sections to DFP one was supply which is where all correspondence normally goes through and then they would have been putting over to their central expenditure division who actually dealt with AME separately and it would have been going to treasury as well to the source so anything that was returned in terms of forecast went to two parts of DFP and the Treasury and obviously were cleared through the department as well. |
| CK | OK so sort of the logistics or the mechanism of the AME sort of reporting going to Treasury was that done directly from well the Department of the Economy now or by DFP? |
| BB | It would have been intricate because it is AME it is a Treasury requirement that they want to be sighted on the AME as well. |
| CK | Yes but who would have sent who specifically was it? |
| BB | DFP. As well the departments can't engage directly with Treasury. DFP has to engage with Treasury so we engage with DFP and DFP engage with Treasury so we sent the information to DFP they sent it on to Treasury and they wouldn't have been involved with any engagement with Treasury on the exercise. |
| CK | OK no problem so then I guess it is interesting to know at a sort of high level what you do Bernie because it sort of sets the context for the involvement that you had in the... |
| BB | Yes there is one other thing that you would probably need to know as well that we do forecasting we require our business areas to do forecasting now this is as part of the monitoring exercise they do we do it reporting to DFP we ask for it by monthly a monthly forecast now this would be on a single year and they do that each month in each financial year and that is signed off by heads of division because for robustness of the profiling because we would be receiving hundreds of those forecasts going across the... its hundreds of millions of the budget so they come in you know it's only as good as the information on it so the sign off was from the grade 7 to robustly challenge that because we are looking at it at a high level without detailed knowledges of what goes on within individual schemes and things like that so we were getting those profiles on a monthly basis and they were mostly feeding into monitoring rounds were there were AME profiles in that as well and then the AME would have been picked up on the AME the two main forecasting exercises that would happen in year but those AME those 2 main AME forecasts went out over 10 years they went they would have covered they went out to about 20/21 they kept moving on a year so they were looking out much further. |
| CK | So if we just take sorry to talk about the monthly profiling now or the monthly forecast if you were to take the RHI scheme itself would there have been a separate forecast done for the scheme or would it have been at the sort of energy branch level? |
| BB | There was an RHI profile done there was obviously two elements to it there was domestic and non-domestic. There was resourcing capital with that so resourcing capital you know are separate but would have been done at the RHI level from buying domestic and non-domestic initially and then it was split to show the difference between the two schemes. |
| CK | OK and you maybe don't know at this stage but in terms of who would have been responsible for preparing it and I'm assuming and this may be wrong that it was Peter Hutchinson to start with and then when he left it maybe I know Stuart didn't come in straight away but do you know who would have been responsible in preparing those? |



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| BB | Well you see all I would have seen would have been there would have been Fiona Hepper's signature then there would have been John Mills signature it wouldn't have been done by them questionably it would have been pulled together by someone else in the branch but it probably started with Sandra Thompson because I only found this out afterwards when it became a problem Sandra had a spreadsheet and that was the spreadsheet was actually producing their forecasts so I imagine it started with her and they have a sort of... the way energy division have themselves organised they have sort of like a central liaison you know which is headed up by Paul Dolihan and certainly Sandra would have had the information I would imagine it would have started with her because she seemed to deal with all the spreadsheet information which would have formed their forecasts so I think that it would have started with her now and then it would have gone up to whoever was there at the time or then jumped through. |
| CK | I mean obviously in terms of seeing those monthly profiles they will all be held within TRIM. |
| BB | Yes they are all held you'll see they are showing absolutely this is what the issue well obviously the issue is the scheme itself but moving on from that monitoring was part of the scheme the scheme needed to have cost controls built in. Energy division it was absolutely it was made crystal clear to them from the start I emailed them I told them this is not AME this is not as I have known AME to be it has to be treated like DEL that it is you know we lose underspend there is no myth about this we lose underspend if we don't underspend if we underspend there is no question that we'll get it back and if you overspend you are penalised and that means your budget is reduced that's your DEL budget that is reduced so that was crystal clear from the very beginning there was no doubt about that it was on record it states it in here as well and the need for cost controls is absolutely clear I referenced and I emailed them and I referenced an earlier scheme that they had before this that it had similar problems were the you know they had little or no control over the number of applications that kept coming forward and I emphasised the importance of putting the cost controls in so the scheme absolutely needed a demand lead scheme like that needed some form of cost control and they had a previous history of this. |
| CK | Do you remember the name of the other scheme? |
| BB | I honestly don't remember I think that I have only just referenced... |
| CK | Because you do reference something. |
| BB | Yes energy division will be able to tell you who it is see if you ask Alison Clydesdale or Fiona Hepper they will tell you what that previous scheme was. They had like a well its operated by a single you know they had well I wouldn't say it was more extended body but someone they had appointed to run the scheme and it was where we were having great difficulties with it in terms of they couldn't forecast properly what the spend would be but and as they then tried to close the scheme oh a rush of applications came forward so the question is would everybody apply or not and do you build in budget cover for it or not so to have a history with this they will have paperwork on it but you know the scheme absolutely needed to have cost controls in it there is no doubt about it, it absolutely needed that and then the next problem was their forecasting you can see their forecast right up until the end or the beginning of 15/16 there is no evidence that there is anything wrong with their forecast there is no evidence of their underspending they are performing pretty badly on the scheme there is nothing there to alert you of what is going to happen next out of the blue then we were commissioning we were commissioning information for dual monitoring and it came in at the end of April beginning of May and that was then forecasting that we were gaining or spending twice the budget that they had. Like there is no evidence of that in any of the forecasting that is signed off that it is the most robust profile that could be produced so you are not |

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| | seeing a growing or you are not seeing a scheme that is starting to expand, expand and expand you are seeing profiles that look perfectly fine that are within like obviously there was a budget set for the first four years there was a budget set for 15/16 the process was that there wasn't a budget set beyond that but those were in line the profiles that they were producing and forecasting were in keeping with DECC's middle range of their own forecasts they had sort of a.... |
| CK | They had a high, medium and low..... yep. |
| BB | Yes so the thing is they were in so we were taking their mid range so anything that was produced up until then was in keeping with they didn't show that there was anything there was going to be this big huge upsurge in claims so we would have commissioned June monitoring I think their return came in to us around it would have had to have been end of April beginning of May and it was that and an email had just been sent before they made their return to us which was saying that there was this huge increase and they had reviewed the way in which they had built the scheme and there was now this huge increase there was no warning of that in any of the forecasts that they produced it was just it was by return in June monitoring and an email to say it's now going to be we have whatever they had they had about £12m its now going to be £20 odd million. That was the first thing you know you weren't seeing a growing trend you weren't seeing things really taking off in this you were seeing a gradual increase and it was all within budget within normal budget and consistent with DECCs mid you know I would say 3 but it was the other one that we do so it was consistent with that so it wasn't showing to be out of kilter with what was happening in DECC. |
| CK | So if you and I know you're right and I've seen the emails so you're saying that at the end of April this return comes in showing this increase assumedly then you would have got a return a monthly return in March 2015 which didn't show this increase? |
| BB | I couldn't say for certain I know that I can't say what's on the March one because I can't remember what's on the March one but certainly the... I can't say what's on the March and April one because I can't remember but this huge increase wasn't evident until it would've been May. May is what sticks in my mind in terms of I can't remember what's on those earlier forecasts. Their forecasting was all over the place which was I think what the real issue is that it was only when we obviously when we saw that we got in contact with DFP we were talking to energy division about how this could happen but it seemed from discussions with energy division that the real problem was that the profiles and the forecasts that they were giving us weren't actually true forecasts because they didn't seem to have any intelligence on what was happening out in the market so what they were actually doing whether they were taking as people claimed you know people could go out and buy any one of these applications and then it wasn't until they actually registered and then started to put in their you know proof of what their energy consumption was that they were then putting them onto this spreadsheet so what we were seeing was activity expert what was being provided as forecasts of expenditure was actually of those that had actually applied for the grant but that market intelligence of work in progress things that were going on behind the scenes that were going to come you know were coming through the pipeline that wasn't.... that became evidence that that wasn't in their profile in their forecast that they were providing to us and it seemed a very simplistic way that they had this spreadsheet and it seemed to take them forever you know when you asked them well what are you forecasting they said well we are treating everybody the same we are just as people come on we assume the same multiplier all of the time and you know at that stage we were saying you know would you not think that you need to do a more sophisticated like sort of stratified approach when you look at it can't be the same for all applications and it can't be the same for all seasons of the year there should be... you would expect there to be seasonality in this and we did ask them to redo their forecast to try and build... |

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| CK | At that time? |
| BB | It would have been the time when we asked them I think that we were asking them to do that around about the summer time. |
| CK | 2015? |
| BB | This sort of took off about mid-May and then I think that there will be a paper trail but if anything I think it was around the summertime that we were engaging. David Conliffe and myself had a couple of meetings with energy division about reviewing their profile to try and get a better handle on what was coming and I think my recollection out of it was around the summertime but I'm sure somebody will be able to track it down to a more specific date and as I say it happened mid-May we secured additional funding we put this in to June monitoring and we fed them additional funding in June monitoring but we still wanted there to be a better well first of all I think they put in an assistant statistician or an assistant economist and I think it was a guy called Alan I can't remember his surname now he was there to try and help energy division improve their forecasting but certainly there was a couple of meetings that David and myself had with energy division I was only there for part of the meetings because I had to come out of both – both of the meetings that I attended were there was forecasting I had to come out of because of some other urgent matter but David was there throughout the two meetings so he would be able to give you a better idea of the exact date of that so obviously when we secured the additional money in June monitoring and there had been an overspend against their budget in 14/15. |
| CK | An overspend? |
| BB | A slight overspend nothing like what we are talking about but there had been and my recollection is that there had been a slight overspend in 14/15 against their budgeting this would be like a couple of hundred thousand we aren't talking about millions and there had been obviously no penalty as a result of that. We secured additional money in June monitoring and then we got them additional money again in January monitoring because the issue was this was why we were talking to them about their forecasting because had they told us at the beginning you know that this has nearly doubled then they were telling us no its growing and its getting greater and greater and greater and we were saying you know they needed to have a better way of forecasting what this was but you know from the mid May point at that stage I personally wrote to them and said you have to stop entering into commitments. |
| CK | I know we've seen that email. |
| BB | Because I can't guarantee anybody we can try to get money from DFP we can try to get money ultimately from Treasury but there is no guarantee that those monies can be got we can try to make the case oh but we underspent tremendously to begin with in the first four years but there is no guarantee because they don't normally take that into consideration but the thing is when everyone was to stay in budget regardless of whether its AME or DEL that is they can't operate outside of their budget so basically once they were outside of budget and so far outside of budget we said stop entering into commitments right away because it takes time to sort these things out and we were lucky enough that we were able to secure the money in June monitoring. |
| CK | And is this from Treasury? |
| BB | Yes well yes ultimately you would have to speak to DFP but all the AME comes from Treasury so I don't know if they were able to manage something centrally in that if say another department was underspending if there was any other sort of ring-fences as AME you would have to speak to DFP and how they managed it because I don't have |

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| | <p>an insight as to certainly I know that the main forecasts that we do I know that changes that we do go to Treasury so I don't know how DFP managed that I would presume it would have to be from Treasury unless they had some other mechanism they had someone else who had sort of ring fenced AME that was underspending and that they could manage it properly I don't know the answer to that question because I would imagine it would have had to be with the agreement of Treasury.</p> |
| CK | <p>Just for my information Bernie the fact that this was non-standard AME you still went through the same AME processes?</p> |
| BB | <p>Normally speaking you would. We put it into June monitoring because the magnitude of the pressure and it wouldn't normally have been processed you know there are two standard exercises that you would do at AME forecast that goes to DFP and to Treasury but like this was so it was nearly twice of the amount of budget that they had so it was put into June monitoring. So it certainly wasn't... you know this wasn't a standard routine thing that we could wait for another exercise coming it had to go with the June monitoring to be considered as it would be... as it was such a huge sum of money and that was secured in June monitoring as I said DFP will confirm how they but I imagined it had to be with a Treasury agreement in fact we didn't actually confirm it to when the June monitoring came back and we had the additional monies we didn't initially confirm it to energy division and I went back to DFP to make absolutely certain that this wasn't subject to somebody else's approval that they hadn't approved it and there was some other layer of approval had to go in so I checked that out with Michelle Scott and I think it might be in the minutes of a board meeting you could check and see because I know that I raised it under the finance at our normal board meetings that happened and I would have been standing in for Trevor at that stage because its normally heads of division that go and Andrew McCormick had said and asked me to confirm it with DFP before we would confirm it with that's what I had intended to do but you know the board had happened before that but we didn't.... automatically when we had confirmation printouts from DFP we would automatically confirm and secured this funding but because it had been confirmed I wanted to make certain it wasn't subject to another layer of approvals so it possibly isn't minuted in that it would be sometime in the summer because that was the June monitoring whenever I'm sure that'll be able to tell you when that confirmation was confirmed so we were meeting after that.</p> |
| CK | <p>And I do want to go right back to the beginning but I'm interested in particular around the sort of monitoring and I appreciate that there are just umpteen of these monthly reports coming across your desk for some of your staff Bernie that would have been dealing with but up to that point there hadn't been a concern raised about the quality of the forecasting?</p> |
| BB | <p>No well the thing is there are had been underspending and I obviously I think that there were you know instances where they said they didn't need money and then they did need it so you know it was a demand led scheme so it wouldn't have been causing it was underspending that would have been the only concern that it would have been causing us was that the underspending that they are not utilising the budget that would have been up until the end of March that would have been like I don't know what their profiles were specifically in March or April as I can't remember but certainly the huge ramping up I became aware of in May like I don't process all of that because you can appreciate all that information so I can't say what came in it certainly - March was when they sent an email in March to Geoff Partridge who was my DP so certainly in March they may have they may have been putting it in but I don't I mean I would be very surprised if it was as high as that. I did become aware of it in the information that came to me in mid-May and that email was because I asked Geoff it was overlooked by Geoff he'd possibly, and I've done it myself, you can open an email and then you get a phone call and then if you don't immediately go back to your unread then you know you could</p> |



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| | <p>miss it so when we got the information for June monitoring he replied to that earlier email and what came in for June monitoring and that would have been about mid-May whatever date it is on that so I'm not certain of what was on it because I can't remember but certainly nothing registered with me as being significant and the paperwork that came forward to me until mid-May but they obviously knew in March when they sent the email that they had a problem but I think energy division were saying you know around like can it be managed, how can it be managed? How can we manage it? The immediate problem for 15/16 was sorted out in June monitoring and again in January monitoring but all the discussions then through the summer months were about gathering information. We had met with DFP we had given them all the information in relation to the scheme that meeting would have been attended by Trevor, myself, Ian McFarland, David Conliffe and there was supposed to be Stuart from energy division and we would have had regular meetings with DFP to update them on what was happening and part of that was getting the approvals in place I mean energy division didn't even realise that they didn't have approvals beyond the first four years that was their first problem and really that's brought about from I think that there was a complete change in staff within energy division but having said that you know the golden rule is you have to look, if you taking on something, you need to look beyond and see what approvals are in place for it because it is highly unlikely that approvals would be in place for a limitless period of time so you know you need to look back at the papers however as I say the....</p> |
| CK | <p>It's an interesting a point around the DFP approval and I know yes it was just for that four years but how typical is that Bernie I mean I'm trying to get a sense of how unique was the scheme like should it have posed difficulties because it was very different by its nature and therefore the people who were being asked to manage it didn't have that experience to manage it.</p> |
| BB | <p>I don't think that the department itself or the core department should be running any scheme because they don't have skills or expertise to do it and I mean there had been a review of the department done a restructuring review and the upshot of that was that you know we shouldn't be letting our armed set bodies deliver because they do have the expertise the likes of Invest NI do deal with demand led grant schemes and manage them very well but they have a whole team there and they do gather information about work in progress and things like that so in my personal opinion I don't think the core department should be dealing with it. There are times when the department is delivering schemes because typical civil servants and I include myself in this within the core department just don't have those skills. I'm not saying they don't have plenty of other skills but delivery of a scheme like that you know in my view needed to be given to someone who had some expertise like the likes of our Invest NI who have a whole claims team and they know what the issues are with demand led schemes and they have ways of monitoring in them and looking at them but as I say this was delivered by energy division.</p> |
| CK | <p>And when was that?</p> |
| BB | <p>That was supposed to be – I mean the core department is supposed to be a policy department not a delivery department so I don't know if it would have been any different but you know what you had is you had a team of people that were doing their best to try and deal with this wealth of information which they were providing forecasts which was showing everything was fine but you know as it turned out it wasn't capturing everything it was only giving you the tip of the iceberg they had no intelligence no control over what was happening now if they have had the cost controls in on the scheme because they had you know no intelligence on this then that would've worked as well but that was a very unfortunate combination.</p> |



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| CK | And one question just before we come onto the cost controls Bernie. That restructuring exercise that you talked about do you remember roughly when that would have been? |
| BB | It was done I think when David Sterling was there. |
| CK | OK. |
| BB | So it would have to be, I can't give you the exact year because I would only be guessing it but you know there was a review done and I would concur with that that these things should not be delivered by people who don't have experience in working with demand led schemes. |
| CK | I mean it is a very fair point and I think I'm just interested about you know the monitoring that they were being asked to do and whether in your view someone from the finance team division should've helped them more given how unique it was? |
| BB | Yes well the thing is we say how unique it was all our arm's length bodies end up with these but you wouldn't necessarily be aware.... Were we are sitting in finance branch or finance division you wouldn't be aware unless someone actually told you I'm not aware of what each actual person is individually doing we are relying on the robustness of their forecasts that's why we asked for it to be signed off by head of division and its that head of division's responsibility to make sure that somebody isn't dividing the budget by 12 and saying that this is how we are going to spend it now we would be challenging anything that came in like that unless it was like a salaries line but we have hundreds of lines of expenditure because we are looking at admin, severity from resource and severity from capital and non-cash and then AME is all looked at so literally hundreds of that information which goes out over 12 months comes in to us and then in the finance team that would be pulled together and it would be... then we would see what the final position is on that. So I personally wouldn't see those coming in and that is what the team do when they pull it together but you know if there was... somebody has to tell you there is an issue you know they RHI scheme was approved by the casework committee and that's where you have... there is a finance representative on that and there is in fact I think that we had I think maybe that Trevor was on it. |
| CK | He was the Chair. |
| BB | Yes so there's always a finance representative and that's done at normally head of division level as well and you know that's where the scheme is approved that the actual scheme itself was approved and I've seen paperwork on that and as far as I could see the casework committee approved it on the basis that they would put the controls in place so you know the big question is why weren't they put in place? I don't think what I have seen on paperwork shows that that approval was given on the basis that the controls would be put in place. |
| CK | I'm interested in those controls because you refer to those you know those emails right at the outset were you have Alison Clydesdale and yourself having talked to I think it was people within DECC or was it HMT as well? |
| BB | Energy division had been talking to DECC and HNT and that's were at HNT they had said that there was a possibility of 5% held on this but that's with them talking to Treasury they were talking to both. The energy division were talking to DECC and to Treasury when they probably shouldn't have been – they were. |
| CK | I'm interested in the email in particular you are right it is saying you have sent the email just saying look this is clearly non-standard AME and therefore you know you are going to have to put cost controls in place and I think that it is saying and you ask in your emails specifically, sorry this is the email where you are saying which energy division |



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| | knew its past experience is fraught with control problems and you are talking about demand led scheme that they had done before. "Please copy finance into your draft proposals which would need to address the controls that you would put in place to prevent significant under or overspending. These proposals will also require DFP approval". |
| BB | Yeah that's the word. |
| CK | Yeah. |
| BB | That happens through the casework approval. |
| CK | Right ok. So the proposals that you are referencing in that email Bernie is essentially the casework? |
| BB | I wouldn't see casework I personally wouldn't see any casework unless I was deputising for Trevor. |
| CK | Sorry can I just ask you when Trevor was off on sick leave did you act up as a grade 5 then? |
| BB | Yes I acted up. Trevor had two periods of sick leave and on the first period of sick leave I deputised for him during his absence. On the second period it rotated between Ian and myself deputising for him. So HR will be able to give what those dates are because I would be making a mad stab in the dark to try and work those out but there will be a record of what those dates are as I sat the first period it was me solely who deputised and the second time it revolved around Ian and myself you know were Ian did a couple of months and then I did a couple of months. |
| CK | Well I think that Trevor had referenced one which was March – October 2013. |
| BB | Was that his first period or second? March to October? That must be the second period because the first period he was out for quite a long time now and then the second period was a shorter period so I would imagine if he has said March to October then the first time he was out was for nearly a year. |
| CK | Oh really? OK. |
| BB | You know so I think it was really a lot longer than that. That would have been Ian and myself but I wasn't.... I didn't attend casework in relation to RHI at any time when I was covering for Trevor. |
| CK | In your email specifically so this is the email to Alison Clydesdale on 3 rd May 2011 when you are saying "Please copy finance into your draft proposals" which is essentially what you mean is the casework? |
| BB | That is the process. Because as I say I wouldn't... in finance branch we wouldn't see casework papers at all so I'm not asking her at all to let me see her casework that is a separate process but that's the process is that finance division would have a representative who would normally be Trevor or Ian sometimes because he does the accountability and casework. |
| CK | So when you say a finance representative that's actually on the panel. |
| BB | When it would come through it would come through Ian's branch to begin with see the casework papers would come through to Ian McFarland and his team they are an accountability at casework branch so any casework comes to them in the first instance |



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| | they review it and then it goes to the casework committee and there would always be one finance representative on it you know you could have Trevor and Eugene Rooney who would be you know who would obviously be Trevor's line manager so it was that process not just casework but it was the accountability and casework reviewed the papers and then it is approved by casework but I didn't mean that she needs to send them to me because that wouldn't be part of what I would normally do. |
| CK | No that makes sense. That makes sense OK. Sorry these are the minutes Bernie that I am looking at specifically. |
| BB | The minutes on? |
| CK | The casework committee. |
| BB | There was – was there minutes where I'm certain that I read minutes were Trevor had queried about the controls and? |
| CK | Was that around the review? |
| BB | Let me see. |
| CK | Sorry is this something that you read in this binder? |
| BB | This is something that I think I looked at obviously we had to look back on if there wasn't approvals on it so things like the approval thing would've been Ian's you know it would have fallen to the accountability and casework side so there was lots of meetings and lots of papers and things like that that were printed off and I was fairly certain that my recollection of it is that when the original casework papers were put to the committee that there were minutes and the... I thought that it had said that the approvals were given subject to the controls being put in place. This is right at the outset. Do you have minutes in here do you of the? |
| CK | No I don't think that they are in your binder. |
| KMcM | They are – they are there at the very back. |
| BB | Found them is it this page here? |
| KMcM | That's the subsequent one to the team. |
| BB | Minutes of DTEC meeting. |
| CK | That's 2015 that's when they made the amendments. |
| BB | March 2012. (long silence). I think that was the old scheme there that I was talking about "Reconnect". Yes I think that's the one they had the same sort of problems with not being able to control the number of applications. OK I didn't think there were as lengthy as this so maybe its... was there another set? Was that it or was there further correspondence after that? |
| CK | You see its interesting because whenever we spoke to Trevor his recollections of cost controls that had been muted or discussed were much more extensive than we know ended up in the scheme so be honest Bernie we are at a bit of a loss as to whether they in fact you know were being discussed and considered back then so I'm interested in your comment where you think that you have seen something. |



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| BB | I'm certain I've seen something but it's not as long as this. It would be interesting if there was any follow up to that? |
| CK | See there is nothing. There is no actions coming out of the casework committee meeting on 9 th March that specifically requires anything else to be done around cost controls. |
| BB | Honestly I could..... |
| CK | What is it that you remember Bernie? |
| BB | I don't think it was as long as that. It was something were like it would be interesting to see if there was something else after that if there was a follow up to that because I was certain that I had seen something were it specifically said about it was subject to the approvals the approvals were subject to cost control. I think if you get someone to check through the papers there must be.... I would be certain that there is something on that. |
| CK | And this is before the scheme was even implemented or the regulations were implemented? |
| BB | Yes this would be.... This is right at the very start and when the scheme was being approved by the casework committee because you know obviously there was part of we were trying to unearth what had happened through 15-16 you know you look back to see did we miss something at the beginning of it and I remember looking at papers and I thought there was and I don't think it was as long as that and that is why I'm wondering was there subsequent correspondence on that? I thought that there had been something in writing about it being subject to cost controls and that is right at the very start. |
| CK | The cost controls being introduced because of this bit of paper that you would have seen within the renewal heat folder on TRIM presumably Bernie? |
| BB | Yeah. It would be worth looking for it. I remember looking at this specifically and you know when you are looking back to see you know we are all working the division was working as a team then you say well how did this happen you know how could it be so badly out of control without any evidence of it so you have to look back to you know the first thing that we looked at was well what approvals were given to discover that they hadn't any approval for 15/16. Then it was well what had been approved and my recollection is that there was something not just a conversation there was something on paper that said it was subject to the approvals being in place so there must be a supplementary? It isn't unknown as I say I'm not normally part of casework unless I would be. If Ian would deputise for Trevor normally then it would have to be normally it would have to Trevor would have to be absent so you know sometimes when minutes come out maybe they are the finalised version of minutes. I don't know if there is a trail in between that but I would be certain that I have seen something from my recollection that I saw something that said it was subject to cost controls because as I say we were all looking at it how did this happen? You know and are there any other problems and can it get any worse and that's when we were looking back at papers and trying to establish exactly what went wrong what happened from the start of this scheme to now and why wasn't it more obvious what was happening That was in our discussions with energy and why wasn't the forecast wasn't showing a huge increase until early 15/16. As when they started to show what was happening well certainly as I said I honestly can't remember what they put in for March or April but certainly by the end of April it was quite clear that the evidence was with me that there was a problem and a huge problem at that stage. |



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| CK | And probably you don't remember the specifics Bernie around you know the approvals given on the basis that there were cost controls as to what cost controls were being considered at that time? |
| BB | Until I looked back at the papers I had no idea how the scheme.... I wouldn't have sight of any of the casework papers I wouldn't have any sight of how it was implemented or anything like that but that's quite a.... I think it just said it was subject to it was something.... I don't think it was very detailed but I do think that it was subject to cost controls being put in place and I think it's something like that and I think it's my recollection is that it was it was relating to the initial scheme not to anything that had happened subsequently but there was then the second scheme the domestic scheme that was brought in and that went out to public consultation talking about putting in place all of the cost controls yet it wasn't put in? |
| CK | No. |
| BB | Now unless it's that – unless I'm confusing it with that one but I thought it was this at the start of the.... Now unless as I say unless I'm mixing those two things up but you can look at what the minutes said about the domestic scheme but I thought it was the original scheme. |
| CK | OK no well we can look. |
| BB | Because I looked up both of them but the thing is the consultation paper actually talks about introducing these controls for domestic which they didn't. |
| CK | So the non-domestic they talked about yes but I know they didn't do anything with that. |
| BB | But somebody could have a look for that to see if it's there but as I say unless I'm mixing the two of them up but I don't think that I am I think it was on the original scheme. |
| CK | In terms of the approval and the DFP approval for the four years I mean that obviously did get missed Bernie the fact that you needed to reapply or there was no cover 15/16 going onwards. What is your understanding of why that was overlooked? |
| BB | Well I think that it was a change of the entire team so with the gift of hindsight you would ask why John Mills let his whole experienced team leave which seems like insanity to me but that's what happened and a new team went in then it is well who takes over a scheme and doesn't look to see what approvals are in place like surely even sort of bring yourself up to speed about what is happening we need to look at those. The fundamental thing is you need to have approval for a scheme and you need to have financial cover for it so you need to look at those two things it's pretty basic it's pretty fundamental that didn't seem to happen you know but you know to be fair to the new people in energy division they were saying to us that those meetings that they were brought in you know Stuart was brought in with a brief to sell the scheme which he did do but those fundamental things they are supposed to be embedded in branches so I don't know how that was overlooked it only came to light when we started looking at the issue of the budgetary problem that pointed out or where Trevor pointed out to energy division that they didn't have approvals for 15/16 now that ongoing approval basis should be on a BF you know in energy division it needed to be addressed. DFP only agreed that for four years because there was only a budget for four years at that stage they were prepared to give approval for the latter part of 15/16 because the budget had been approved but you know by that stage obviously the issue about the time it took to close the scheme and all those people and all that work that was in the pipelines all coming in and you know obviously hyping the whole thing up was the issue without any way of controlling it or reducing what you had to pay out. |



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| CK | Like I do have to ask just within finance and I know it's probably not within your branch but within the division would you have expected or should there have been a record that the DFP approval was only actually for four years like should someone have been monitoring that on behalf of the department? |
| BB | You would have to ask Ian I don't know if he does that or not but you know fundamentally energy division can't do it doesn't matter which division it is or which arm's length body you know you cannot do their job for them and you need to know there is an issue to begin with or you can challenge if there is evidence that there is something wrong but I don't know if accountability and casework they process casework so I don't know what their practice is but would a belt have braced it yes it would have. Would we be in the same position yes absolutely? |
| CK | No we know now it's not. |
| BB | Yes we would definitely be in the same position because they had no control and there was no.... I don't know if it had happened earlier it seems to me that it was all there in the background if you could've closed the scheme you couldn't even temporarily close it but have you got a handle on where the financing was with this their inability to stop the commitments being entered into was the problem but without a cost control it always going to go spiralling out of control anyway but it should've been stopped earlier. |
| CK | If we go back to the outset though as well there did seem to be a lot of time from April / May when Finance Division was alerted to the fact like our numbers are going through the roof, the budgets doubling, tripling, you know, whatever it is. A lot of time Bernie just trying to work out you know what budget is it? How long does the budget last for? etc etc. What are the penalties? |
| BB | Well I think that was probably down to Energy Division pinning their hopes on this 5%. |
| CK | Yes |
| BB | Now there will be an email which I have sent to Trevor because I can remember writing it saying I don't think this is going to help us whatsoever. This is where we've met with DFP, Energy Division and Finance Division. We've said look we have this huge problem. Energy Division are still reworking their forecasts. They have this problem that they need ministerial approval to stop the Scheme. They are saying that they really should go out to consultation before they started and that they can have all these judicial challenges if they try to do anything like we are asking them to do which is to stop the commitments and there was the John Parker email which had said that there would probably be penalties – this is he was talking about for DECC. This was Energy Division trying to gauge you know what the position was. They were trying to sort of get information, gather information from DECC and the DECC contacts with Treasury, he had said at that stage there was a 5% penalty so DFP wanted that explored before they would speak to Treasury. You can understand it. But you know in my experience in dealing with DFP, and that's the same as you know DFP are then dealing with Treasury it's always very difficult to negotiate these things because it depends upon what the current climate is. You know and when that energy, when the budget was provided for energy for the RHI Scheme that was obviously when there was lots of money being made available so that they could meet targets that were set in relation to renewable energy but you know the more we looked at the scheme the more we could see that they hadn't put the budget, they hadn't put the controls in place and all of these issues you know you're not going to get a sympathetic treasury with all of the problems that were sitting around. No approvals in place when they should have been in place. No ... they didn't replicate |



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| | <p>what had happened in GB and you know how sympathetic can you be to that when if they had copied the GB scheme they would have been in the same situation so there was Energy Division I think took about a couple of months to gather up an email that was sent to DECC to try and research this. There were reminders sent from me and from Trevor about the length of time it was taking to do this. That everything needed to be done urgently. When we got it, when Finance Division got it, Trevor and I turned it round within hours but it took a couple of months to go ... it went in the summer months, it took a while for it to come back. When it came back, and as I say there is an email where I said to Trevor, look I don't know where this is going to get us but it's a starting point, we can do it. Then what happened was it came back, it didn't really give any information regarding this 5% because what they were saying is we always kept within budget. The response was we operate within budget so therefore there was no ... they hadn't ever tested this idea of a 5% penalty.</p> |
| CK | So Treasury hadn't? |
| BB | We were writing to DECC so DECC was saying we always stay within budget. So they never exceeded their budget therefore Treasury hadn't imposed any penalty on them. We were asking them how did the penalty work. |
| CK | Yes because I have it so I think it was you who actually drafted the question, or you certainly had a list of supplementary questions to get John Mills to engage with Sarah Redwood in DECC and you know they are quite fundamental questions Bernie. Over what period is the overall budget agreed ... if spend was higher than original agreed budget how would penalties be applied ... at what rate would penalties be applied. Now I don't work within the Civil Service I don't understand the frustrations that sit there but I guess from a layman's perspective there were questions being asked in 2015 which you ask yourself why were they not asked in 2011? |
| BB | Well the thing is, they weren't asked in 2011 or for 4 years because there was underspending in the Scheme. There was no evidence ... there was nothing to alert us to the fact that this was so out of hand. That there was all these claims out there that were due to come in so the forecasts weren't showing anything but underspending in 4 years. |
| CK | Yes, no, no I understand. I guess it comes back to, maybe I'm wrong but you talk about the fundamentals of the branch. People coming in going right what are my approvals, what actually has the Scheme been approved, you know, is it not equally a fundamental concept that right at the start of the Scheme you would understand actually, you know what, what the budget is, you know, where is it coming from, what are the risks, what are the penalties, etc, etc. |
| BB | About the penalty part? |
| CK | Yes |
| BB | The thing is look right from the outset they were told treat it as DEL because that was the other thing.. that email from John Parker was it could be in the region of. |
| CK | Oh no, it was, it was vague. |
| BB | It was very vague, there was nothing definite about it. |
| CK | Could steps not have been taken, and maybe they couldn't Bernie I don't know, could steps not have been taken in 2011 to have you know actually made that vague comment more concrete? |



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| BB | Yeah. Well it wouldn't have been a 5% penalty. It was as I said in the email it was treated exactly like DEL. That was my expectation. Now I definitely had spoken to Stewart Stevenson who was then the supply officer in DFP about it. |
| CK | In 2011? |
| BB | In 2011 and I think it is in an email. I think I had spoken to him about it. He was there before Michelle Scott. See this is the thing if ... I don't know if you have a copy of this or not but I can't find it. I think that yes that's that second page there at the top I have spoken to Stewart Stevenson regarding RHI NI AME allocation. That's where I'm saying AME's RHI spending is not treated as standard AME. This means that your RHI NI budget allocation is being treated the same. Now that was following my conversation ... I can't engage directly with Treasury but I can engage with DFP and that was following DFP engagement – I was saying to him treat it like DEL so I'm not saying like there's a get out of jail free card here which is 5%. |
| CK | No absolutely. |
| BB | So that was following my discussions with DFP and go back by saying treat like DEL. Don't treat it like anything other than DEL and everybody knows that if you overspend that's it, you lose the money in subsequent years. So that was following engagement with Stewart Stevenson in DFP. I think the 5% is a red herring. Now I'm being absolutely honest with you because you know I'm not coming back saying to them well see if you overspend there could be a minor penalty. It wouldn't matter what percentage it is our advice would always be that you need to stay within budget even if we had this thing that there was a 5% penalty the advice would always be stay within budget. Do everything you can to stay within budget. So I think in my opinion I think that 5% became a bit of a red herring when they knew we had massive problems. There was ... lets follow this up, let's see if it's not as bad as we think it's going to be. But you know I think that was just clutching at straws. You know there were some people in the right saying oh we only have a 5% penalty if we are outside budget. That wasn't that was unearthing a very vague email when the Scheme was just being set up and saying maybe this is the only problem that we have and that was certainly ... the questions were being asked at that stage because we had a huge problem. But the message from the outset having discussed it with DFP was don't worry it will only be 5%. Treat this as DEL. And I think that was done at the outset. It was communicated clearly to them. There is no question of this being anything other than ... it is not standard AME. Treat it like DEL and there are penalties and that penalties are the full amount if you overspend. So that was following discussions with DFP. So I think that was sort of in my mind clutching at straws so we investigated it because obviously you investigate any chance you have. |
| CK | Absolutely. |
| BB | You know is it going be this huge amount of money that we are looking at or you know 5% wouldn't have been too hard to take but you know like did I actually ever believe it was going to be this 5%? No. It was it was always going to be you overspend, that's it. |
| CK | Because on that ... and you are right, right at the outset and when we spoke to the people involved in this Scheme at the outset they will all say we knew it was non-standard AME, we knew that it had consequences for DEL and that just seems to have been lost Bernie completely so when you get to Stewart's time and he's like, what? You know. It's just AME so therefore it's easier. Would you have been |
| BB | Even, you know, a quick scanning of his papers would ... they were able to unearth all these papers when they had a problem so there is an issue about ... if I was you I |



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| | would talk to the staff and their experience on leaving because the thing is, the incoming or the new grade 5 was quite happy to let the experienced staff go. Now that's particularly odd to me because most people ... it's the opposite of that, you would want to hold on to them and I think one of those key people maybe took a career break at that stage and you think now that's subject to your agreement so it seems madness to me but the underlying thing is as well, so what's the big deal? work in the blind then? You know, don't look at any papers to see what proofs are in place, don't check what it is. They were able to unearth all the John Parker emails and everything right at the very end so they were all there so I don't know ... it was evidenced, it was there. |
| CK | Were you aware that there was this loss of knowledge within the team, that it was in fact non-standard AME? Or were you as surprised as everybody when in May they suddenly seemed to have had this |
| BB | Well I think you will see from my email that ... I think you know ... total disbelief when you know ... I'm saying stop entering into commitments, you have to stop and he said oh no we can't do this, it needs ministerial agreement well that would have been news to me because I've been unsighted in all of the papers. The naiveté ... you see at that stage I think ... to me they are trying to talk their way out of a corner at that stage in that it was, look, we've underspent through all of these last 4 years now that's very naïve because it doesn't matter whether its non-standard AME or DEL, you don't get the money back that you give up, you just don't. So you know this belief that, in my opinion, I think they realised they had a huge issue around how they were forecasting, what the requirements were for the Scheme and they had no means of controlling it, there was huge grasping of straws at that stage so... |
| BB | Was I aware of the changes in Energy Division? |
| CK | No, in your mind throughout that period of time in 2011 when it was clear and the team knew that it was non-standard AME, was that just your belief that they all knew that it was non-standard AME |
| BB | Yes and that they had been told. Now remember they had ... I mean I wouldn't have been dealing directly with Peter Hutchinson or Stewart unless they specifically asked the questions I wouldn't have had any interaction with them. Remember we liaised for all Energy Division through Paul Dolihan so I wouldn't have been aware. I don't go down searching who went from here and who went from there. I wouldn't have been the make-up of Energy Division – it's quite a big Division so they have different people doing different roles and sometimes they swop around and whatever so I wouldn't have been fully aware of who was doing what in Energy Division. The constant was we would have been anything that comes out of Energy Division and any queries that we have within Energy Division goes in through their central liaising unit which would have been the one ... and that was a constant. Paul was there for most of that time so things going in and out of Energy Division were going through the way they were constructed was through this central liaison unit so that would have been early point of contact. We wouldn't have been dealing directly with people who would have been working within that team on renewable energy for gas or whatever it is they were working on so they had a sort of like a mini finance team within their organisation so that would have been the contact that I or my staff would have, unless somebody was specifically asking you a question that would have come to me via an email. |
| CK | No that's useful Bernie, I didn't know that. So in terms of your direct involvement with say John Mills, would you have had much involvement with him? |



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| BB | <p>None up until 2015, until we got into 15-16. I would have had signed off monthly forecasts, I would have had signed off monitoring, saying that these were the most robust forecasts that could be provided at this point in time and I would have had AME forecasts going out way to 20-21 from John but they would have been signed by him. You would have to ask him but I'm assuming because Sandra had responsibility for this spreadsheet at some stage that they started with her and I don't know what chain they went through after that but ultimately no matter which division we are talking about or arms length body they need to be signed off by someone senior who is asking the questions, you know, because we are looking at all of these when they come in and saying is there ... does this look like a problem, is there an issue, is there something we need to be doing because you would obviously want to make full use of your budget so we do that part of it but I would have had very little if any interaction with John Mills up until that point in time and had we known that there was an issue, had we known that they were struggling in any way help would have been provided. As I said I think they got I don't know whether it was assistant statistician or an assistant economist when in to try and help Sandra. David Conliffe and myself met with them to try and help them just before I left I got approval of a business case to put in an accountant in to the energy team. Energy team – they wouldn't do the business cases as they didn't have time to do the business case. I didn't have time to do it either but to get it done I did the business case and there was a girl ...</p> |
| CK | Is this to amend the Scheme? Or to introduce the cost controls? |
| BB | <p>This girl was to go in to help them with their forecast and with everything. If you look, I wrote the business case ... now at that stage we had become the Department for the Economy and I wrote the business case which I think Stephen McMurray approved and there was a girl ...</p> |
| CK | To put the girl in – oh right ok. |
| BB | <p>Yes to give them general help and advice but it was on all matters financial but it was primarily to get to the bottom of what was happening in the RHI Scheme. Now I did say to Stephen at that stage because it was the Department for the Economy and it had changed from DETI and the two departments had come together at that stage and you know I said to Stephen I don't know that one person can sort this out – would we not be better engaging consultants to come in where they can bring a team of experience to this and you know because of procurement that's going to take long as well so we said at least this will get it started so I'm not surprised they have somebody looking at it but I don't think one person, or the existing people who are trying to deal with things, can deal with it so I do think you know it's like, if you have something like this and didn't look at it an awful lot, one person isn't going to resolve it but at least she was put in to give financial help so I mean we are, as a finance branch, if anybody has any issues, any problems we do a lot of hand holding. We will go down and help people with forecasting. We will go through ... we've done for one of our arm's length bodies we did you know a tailored trading slot for a couple of hours and said everybody who is involved in budgeting had to come to it, not just people who were signing the forms. So we do that, we've gone out and we have helped anybody within the department at any stage who's struggling or finding it difficult we provide help and its done in terms of we would ... some staff would go into the branch and sit with them when they are doing forecasting, monthly forecasting, explaining the importance of it. You know, we've done all of that, so if anybody is experiencing difficulties within the department or within the arm's length bodies that help is automatically made available because we're only as good as the information that comes to us so that is provided. Nothing came from energy to alert us to the fact that there was any issue, anybody struggling, anybody not fully understanding the terminology or anything like that so I have to say it was a surprise to me. I definitely became aware of this as an issue in mid-May and before that the forecast looked to be</p> |



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| | reasonable. I don't know if they started to show a rising increase in the March/April one but it was definitely by May we knew, that's when I knew, there was a problem. So I don't know. But they knew in March they may have started to change their profiles but I honestly can't remember. But I certainly ... I know that when I became fully aware of it was in that mid-May. |
| CK | I'm just aware that we are keeping you talking for a while – do you want to take a break at all Bernie? |
| BB | No its okay, I would rather get this done and get away so I'm not in the traffic. |
| CK | No absolutely I understand completely. In terms of the Department at that time, so 2012 onwards, how many or how common was funding that was non-standard AME? |
| BB | That would have been the only non-standard AME funding in the Department. I'm trying to think back to see if there was ... It's the only non-standard AME that I can remember, but I'm certain that there wasn't any other non-standard AME. I'm trying to think if maybe back in the distant past there was anything like that but I don't think so. From my recollection though I think it was the only non-standard AME. |
| CK | Okay. One thing that has been put to us, and I'm interested in your view Bernie, is that because it sat on the AME budget line then that may have contributed to the confusion as to the actual source of the funding. |
| BB | Confusion from Its Energy Divisions confusion because there wasn't anybody confused... |
| CK | Yes within Energy Division so they were saying that whenever they saw the report coming in, as you talked about the forecasts that they had to put in, it was always AME so without, now to your point without clearly go and look to confirm this, but without having been specifically told by someone who did know they would have no reason to know it was a non-standard AME because it just sat on an AME budget line. |
| BB | Okay. Well any engagement with finance would have advised them that it was a huge problem. But the problem was they didn't engage with us until there was an email that Geoff missed. He presumably thinks because I've asked him, he presumes he opened it and got pulled away to do something else and missed it. He doesn't know for certain. It's obvious he doesn't know how he missed it, he presumes that what it is. |
| CK | It's more from your reporting point of view because you obviously have an AME line and a DEL line and nothing in between. |
| BB | Well the thing is the fall-back position is that the problem was that they didn't actually talk to us until March and that email was sent to Geoff alone. You see he didn't copy anybody else in so, you know, that's a problem, so they only actually registered ... that is not what we experienced. We spend most of our time fire-fighting all the problems that already out there and they are only too willing to share the problems, you know, when if they had talked to you earlier they maybe wouldn't have had problems. So we don't find them reticent about, you know, asking us to help sort out their problems and that's what we're there for so that's what we do but, you know, I think it's the fact that up until March there is no engagement, they didn't tell us that there is anything wrong yet when I was in ... I can actually see Energy Division on the current system as well ... I could see they had been desperately trying to engage with DECC themselves because they obviously knew they had a problem but they weren't articulating it to us. So had they engaged when they did engage, they knew the full extent of it but, as I say, I mean, I don't know what they thought they had but, you |



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| | know, they could have asked, they could have found out. They were very quick to, you know ... On the email they sent Geoff they had that had that John Parker thing on the bottom which was a bit of a red herring because that was never the position. |
| CK | But it did say it had DEL consequences on it. |
| BB | But the thing is they were able to retrieve that when they were in the bag but I think the problem is they didn't come to us until it was ... obviously they could see that build up long before we could see it and they come to us ... we need practically twice the budget that we have. Now we would have engagement long before that. It doesn't matter whether its non-standard AME or its DEL, any budget holder that had a problem that was absolutely escalating to that extent we'll engage, regardless of whether it was AME or DEL. |
| CK | That's a fair point Bernie. I suppose what the basis of any monitoring or forecasting that anybody is going to do are the reports that Ofgem would have sent in and I'm just interested whether any of their reports came, not to you but to anyone within your team or within the Finance Division. |
| BB | No. |
| CK | So they all just went in to Energy Division and solely looked by?? |
| BB | Yes. Energy Division produced the forecast in relation to the RHI Scheme. We would have looked at them. We would have looked to see ... because of the future state that they were in they were within the DECC range, that they weren't going out but they weren't going to be because of their underspending so much. You know. They were obviously estimates that they were putting in but from speaking to them afterwards the issue was ... I don't know ... the way they were forecasting obviously was basically flawed. They didn't have the intelligence on what was going on out there and that is evidenced in the spikes in the Scheme where they had no idea that they had extended the Scheme for that length of time ... had they known what was about to come in so I don't think that they knew what was out there. |
| CK | Okay. I'm just actually looking at the ... these are the case committee minutes again. Now it does say sorry from the original scheme and it is saying that ... well Trevor has stated that an internal audit should be consulted in relation to the proposed management arrangements – this is with Ofgem – and it is talking about controls over payments. I'm assuming they did go and speak to internal audit but you have no recollection of them coming and talking to Finance about particular controls or how they should be looking to monitor payments and stuff. |
| BB | No they definitely didn't. |
| CK | Are you aware of a monitoring committee ever being put in place to monitor the Scheme and this would have been from the outset? |
| BB | A monitoring committee being put in place? |
| CK | Yes. |
| BB | Well I don't know if they called themselves a monitoring committee but I know that as we started to peel back the layers there was a committee put in place headed up by Andrew McCormick. |



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| CK | So this was after the event rather than at the time. Are you aware of anything that was put in place from the outset to monitor budgets and spending on the Scheme? |
| BB | Apart from the normal ones that I've just discussed, no not in addition to what we would normally do. As I said we get monthly updates for the in-year and then we get twice yearly going across that to about 20/21 on the AME scheme. |
| CK | Ok. Sorry I know I've been jumping about a bit Bernie, but we've actually covered an awful lot. I was going to ask you, and you have already referenced the fact that you have one team and then almost a completely separate new team, would you have been involved in any of the handovers between any team members? And not even I guess I wouldn't expect you to have been in person ... |
| BB | With Energy Division? |
| CK | Yes, I guess my question is more around contributing to a handover document or to a brief. Say to contribute from a finance perspective? I guess the one I'm thinking of most is the one which I am assuming must have happened between Fiona Hepper and John Mills because we are aware that people get a first day brief type pack and I'm just wondering where you ever asked to contribute to preparing the fresh brief from a Finance perspective ... for what he was going to take on? |
| BB | For John Mills? No we would produce a first day brief for the new Minister coming in but we wouldn't contribute to when there was handovers [coughing] of Heads of Division [coughing] we wouldn't normally contribute to that. |
| CK | So the public consultation ... the one you have already alluded to which started in July 2013 ran to October 2013 ... it was the one that was discussed in the introduction of the domestic scheme and then also was discussing the proposal to implement cost control measures for the non-domestic scheme, so it was like a form of triggers ... if such and such of the budget is reached etc etc. Was anyone to your knowledge Bernie within the Finance team asked to help design those triggers? |
| BB | That was all done within Energy Division. And presumably they were replicating what they should have put in place in the first place ... the GB scheme at that stage. |
| CK | See it was different to the GB scheme what they were actually proposing. It wasn't actually digression and it wasn't actually the capping mechanisms that they put in place. It was their own variation of it which made me think actually has someone with financial knowledge helped them craft these proposed controls? |
| BB | Well certainly I wasn't involved in it and to my knowledge none of my team were involved in it because I would have known if they had been involved in it. So no is the answer to that, we were not involved in that and it was only when I was going back through papers that I actually saw that. |
| CK | Okay so you weren't aware of that in 2013? |
| BB | No. |
| CK | Okay that's fine. I'm also interested in the budget for 15/16 and the confirmation that was received in relation to that because obviously at the outset you had the 4 years, the £25million in total with the profile spend over those 4 years. Do you recall roughly Bernie when you would have got confirmation of what the 15/16 budget was going to be? |



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| BB | I think the 15/16 budget ... I see it confirmed in a letter in here ... but I think it was confirmed earlier than that. |
| CK | That's what Trevor said as well. |
| BB | I think it was actually 2013 that we got an indication of what it would be ... there must be a paper ... but I see in this set of papers that I looked at to begin with, that our then Minister Arlene Foster was asking and I think that was 2014 – that letter. But I think late November ... towards the end of 2013 I think there is something that confirms the budget. And it was as expected it's your percentage of the |
| CK | Yes it's the Barnett's formula from DECC. |
| BB | I think there's something earlier than that. That is November 13. |
| CK | Yes and she's asking and I think he comes back in January to her. |
| BB | Yes I think there might be something that confirms it about October / November 13. |
| CK | Okay. And would that have come to you from DFP who would have received confirmation from treasury? |
| BB | I may have ... I don't know if I have been copied in ... this would have gone to Energy Division and possibly have been copied to Trevor and myself. If it was copied to Trevor he would normally send it to me, so I know the 15/16 budget was set well before 15/16 and I think we knew about it in late 2013 but it was definitely set and we would have been copied into those papers. I don't think they came directly to us. They would have been sent to Energy Division because they were about the Scheme but we would have been copied in at some stage. |
| CK | Okay. And where would that confirmation have come from? |
| BB | Well if the response confirmed the party was asking about the budget, and that response came back, that would have been the private office would have sent those papers I would presume to Energy Division and copied us in I would presume. Someone would have to check that, I mean, that's how I would presume it would happen. But we definitely would have been copied in to what the budget was set at. And obviously DFP were negotiating with treasury all through 15/16 to see what the budget was likely to be going forward. Now interestingly enough, I suppose when you are looking at it with hindsight, you are inclined to look at it differently, but the reality of this was that I know all the reporting you see is: why couldn't you have done something quicker? Why couldn't you have dealt with it? But it's not been looked at in the environment. There'd been a slight overspend in 14/15. We got them additional monies in June monitoring, and even more money in January monitoring. So while in the context of that DFP were talking to Treasury and like when I saw the reporting of this I was amazed at what they were saying. You know like, everybody had forgotten it was AME. That is definitely not the case but it depends on who ... I mean certain people in Energy Division had forgotten it was AME but the thing that amazes me is that these AME forecasts and certainly from mid-May and possibly earlier ... they may have been showing a slight increase but I don't think it would have been the full extent that they certainly reporting in their input to June monitoring at late April/early May. DFP were engaging with Treasury. They had wanted to find out about the 5% which was a bit of a red herring but it turned out to be that it didn't exist. But it was always vague and everybody knew it was vague so as I say they were clutching at straws. But in the negotiations with Treasury there also was in that year, as I said, there is normally two main forecasting AME forecast right out until 20/21 or it could even be 21/22 and as I said these are being seen not only by us in the |



Department, but they are being seen by two sections in DFP and Treasury. Nobody was alarmed, even when they were putting those higher forecasts in. We all knew there was a problem at that stage, we had secured additional money for 15/16, but the extent of that problem going out over future years was being viewed by the Department yes. By two sections in DFP and by Treasury and no-one was saying hold on here a second ... how is this going to be sorted out? And these were all off the scale numbers. They were around about the numbers that we all know them to be now. Now they kept growing and growing. Initially they wouldn't have allowed for the spike but those numbers were going through and even as the spike came the numbers were going through and surprisingly, you know, so it wasn't that everybody was saying ... it's like everybody was sitting on their hands and not doing anything but what happened was when we sent that last ... as I say there's normally 2 ... sometimes it can be 3 if there's an audit mistake – they do an extra exercise or if they do some sort of a statement on budget then it can be its normally 2. In the last one that was sent to Treasury in the 15/16 year so again I think that's around November time, it normally is around November okay so at this stage we knew we had a huge problem, Treasury asked us to re-do the forecast based on the Scheme closing, not right away, at the end of 15/16. Now that was an indication that things didn't look good going forward and then in late December we got the tip-off that it was going to be good, that we were not going to be getting increasing amounts of AME going forward and then I think it was actually confirmed about January that DFP sort of got in discussions with Treasury, they knew, so that was late December we knew we weren't going to get anything. But even at that stage Treasury weren't saying hold on here a second ... because it was off the Richter scale the amount of growth that you were seeing in the Scheme but we were getting confirmation back ... when we do that exercise twice a year you get confirmation prints back and they show your forecasts going out so, you know, everybody could see including Treasury that this was an absolutely hugely increasing profile. We've got the additional monies and we were obviously, DFP were engaging with Treasury in the hope that we could get increased monies going forward and, as I say, at November they weren't saying to us, okay let me see your profile with this closed at the end of December. Or let's see it closed at the end of November. It was let's see what your profile would look like. Could you re-profile for us with the Scheme closed at the end of 2015/16. Now you have to look at the numbers they were I can't remember what they were actually. But they were ... we already knew ... obviously there's more people coming on to the Scheme and if you have a huge problem in ... you know ... if you have in June monitoring your budget practically doubling and it went on to nearly ... it trebled itself by ... I think their budget was set at £12million and I think it ended up at £30 odd million in June. Now that was a constant problem going out and a growing problem as more people came on to the Scheme. So all the evidence was there for Treasury, for DFP, for everyone to see but probably what gave a false sense of confidence was the fact that we secured all that additional money in 15/16 and there was discussions with Treasury in the hope that we secure the money going forward. That's the reality of it. It was December and, look, it wasn't going to be until the budget was set that Treasury It doesn't matter what Treasury tell you, it's when the budgets set. They can tell you one thing and it can be a very different thing so all you are trying to do is track trends at that stage but that's all you can expect DFP to do because it wouldn't matter even if Treasury had been saying to DFP, no problem this will get sorted out, it isn't until the budget is set. So we were never going to know what the budget actually was. Look it wouldn't have been a problem if they had been keeping within that mid-range but that email in March which was overlooked but the evidence was clearly there by mid-May that we had a huge problem. It was from that point we were looking at what can we do, and I think that you know could we be lucky enough to only get a 5% penalty was clutching at straws because that was never the way it was set so, you know, and then they were also looking at ... I know from meetings that I've attended they were looking at what monitoring the company that they had in to look at, you know, through the administration what sort of monitoring was being done. There was lots of meetings



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| | <p>on that. There were lots of things that they were looking at at that stage which all looked problematic, that there wasn't enough monitoring being done on all of these things so ... and then there was the I then became aware that it would have been much later than when the letters came in, the whistleblowing allegations that there seemed to be an issue around looking at the usage of these installations but that wouldn't be until well after the ... you know, it was a problem at that stage. There was meetings being held on a regular basis and then Andrew was monitoring and had to keep ... even though I didn't attend those ones that Andrew was attending but they were all sort of Head of Division and above that were at that. So there was a lot of meeting and engagement with Energy Division to try and get: what is this? You know, what is the extent of this problem and how can we close this down? But you know I would say it needed to be closed down, you needed to stop entering into those commitments. Energy felt that they had to have ministerial approval to do it and possibly go out to consultation but that wasn't going to get the right effect for us which was to stop the commitments being entered into so that and the basic lack of controls within the scheme – budgetary controls within the scheme – are the main ... regardless of what the source of funding was, without those being in place it wouldn't matter what the source of funding is, this was always going to be a problem.</p> |
| CK | Sorry I'm just ... |
| BB | Like did any of Division believe they could get these huge increases regardless of what, you know, when it was standard or non-standard do you mean? Did they seriously think that that would not be a problem? |
| CK | I know. So I just ... |
| BB | It's either extremely naive or totally unbelievable. You know those are huge, huge increases. You know, regardless of where the source of that funding is, why would you not be engaging? I mean there's risk registers. Why would you not be escalating it and saying this is a huge problem? I mean, to require double budget than you have in a small department like DETI, regardless of the source of funding that was always going to be a huge, huge problem. |
| CK | When did you become aware that there weren't budgetary controls in place and that the cost controls ... ? |
| BB | When we met them to say, how can this be? At first it was unbelievable that they could be so much outside the budget. So, you know, before I would start putting this in a letter to the Minster to DFP you would have to make sure that they're absolutely right about this. So like if somebody tells us that they are double the budget that they have ... another £10million ... you would have to see that that was ... you would have to have some idea that they were right in that and hadn't made a mistake. And it was only our engagement with them through ... you know, we were engaging with Energy and then in June with DFP. It was only through that engagement, all through the summer right up until ... that's when I became aware about the way they were actually producing their forecasts. |
| CK | Actually just on the cost control part Bernie because I know that they had sort of talked ... I mean GB had digression and different ... these trigger points, did you just assume that those were in place because they had been mentioned ... |
| BB | I wouldn't have known anything about the scheme up until that point in time. |
| CK | But you would have expected them to have been in place because you called them out in 2011? |



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| BB | <p>Yes well in any scheme we done without email I expect bold but I did when I worked I expected all budget holders to stay within budget because there is a performance issue were at the end of each year we are supposed to have... you know we are supposed to be within no more than 2% of an underspend now like I know that seems silly maybe in the private sector if you talk about underspending there should never be an overspend but there is a tolerance of a 2% underspend and that's because its demand led and it's because you work in years no business works in years were if you do not spend the money or accrue it by the end of the year that you lose it like it's a nonsense but that is why there is a big problem so the thing is that is how business works they don't accept that you know ok so that piece of work didn't get done but you will have to pay for it next year they are saying you lose the money this year we are not going to give it to you next year and that's the way it works so that brings about the whole madness of performance spending and that's what why we do the monitoring spending to look... we are trying to aim that to get a good outturn which is a provisional outturn about April / May time and then a final outturn which is later in the year about August time and that is what that whole looking at this is about so what we are trying to achieve is that we don't have more than a 2% underspend and we don't have more than on the capital side its 3% but we would be pushing the business to not to go to that 3% that they should try to minimise but they should not go over those percentages and that's what we look at and that's why we do the exercise of bringing all those 100's and 100's of forecasts together to look at them collectively. Now the thing is that's what it is about that is what energy division do day in daily so how all of a sudden did they think that they could be this far outside of their budget and it wasn't a problem? Look I think that they have latched on to this "we didn't know" well let's forget about what it is for any budget that is a problem that is a huge huge problem it is showing lack of controls you know that there is nothing in place to actually we think that the forecasting exercise is there to work we will see immediately if there is an increase in spending normally... I've never seen anything like this apart from their previous scheme where all of a sudden they need this money and you say well we would normally see a gradual increase like you could see like a growing increase and you would be saying look hold on a second you're nearly at 80% of your budget at this stage and you have another year to go so you know when you started the year how is this going to work out. We would look at things like that but as I say there nothing in their profiles certainly until they knew they had a problem in March so I don't know what they put into their March or April profiles but it was certainly May when I became aware of it but I mean the papers are there and you will be able to see and I imagine they probably at that stage if they knew in March they must've been putting they either must've been putting something on it to say that it looks like this is an issue now we would obviously have to discuss with them how could this be so big but as I say my involvement was like my first knowledge of there being an issue was not when the earlier email came in but when the May email came in and that was my first engagement with them about it in terms of stop entering into commitments and all discussions after that I didn't know how the scheme operated at that stage or what it was but the fundamental thing is that if you are responsible for a budget you know you report on the persons performance and how they manage the budget and they are supposed to have no overspending and very limited underspending. Now on an AME budget it is accepted that that is more difficult to manage and the ranges would be bigger they wouldn't be 2 and 3% in AME because it is accepted that it is more difficult to control when it's an AME but there still is a need to manage that budget and needing double of what you have got I just don't understand how it wasn't raised before at that point in time.</p> |
| CK | <p>Can I just ask you some specifics because I know it's a quarter past 4 and I want to let you away Bernie but we have and I think that it's in your pack as well a letter or it's a draft submission that Stuart had actually sent to you so it's a draft submission to the minister and a letter to the dep minister.</p> |



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| BB | When was this? |
| CK | Keith is it in? |
| KMcM | It should be at that back. |
| CK | And it has a draft letter to Amber Rudd in it. |
| BB | Is this 2015? |
| CK | It is dated 16th well its the 15 th June 2015 is when Stuart sends it to you. |
| BB | OK 15 th June.....that's 14th August. |
| CK | It should be before that then.... That's it there and you're actually... this is the submission to go up to the minister and you are being sent this I think from Stuart. |
| BB | What is this submission about? |
| CK | It's about introducing cost controls. |
| BB | Phase 2 deferral consultation of (inaudible 1:53:01) proposal and engagement and a number of budget. |
| CK | I'm just interested in your involvement in that sort of process Bernie and what involvement you had you know in helping? |
| BB | There is a discussion around... is that what finally went this one or is this a draft? |
| CK | This is the draft one and there is the letter there as well to Amber Rudd so I suppose I have 2 questions 1, are you aware whether that letter actually went? Well I suppose it would have had to have been signed by the minister. |
| BB | This is Phase 2 deferral let me see what it proposed. Deferral of Phase 2. |
| CK | Well this is bringing in the tier tariffs. |
| BB | Yes which didn't happen until November so that would have been... |
| CK | So I'm just interested in your involvement in helping with this. |
| BB | We would have had to look at the draft and there would be I would imagine we would have went back with I would have looked at it I would have cast all my comments to Trevor. |
| CK | From a finance perspective? |
| BB | Yes from a financial perspective yeah and then we would've fed any changes from finance division I would presume Trevor would have got feedback from all of the areas and then we would have tracked normally with anything like this that we get we would track proposed changes to it and then that would either be accepted or not. There was a reason not too but the.... I take it that this is their first draft and that's what you said just I attach a draft submission and letter. This can be discussed at the meeting with Andrew later this week. Thanks Stuart. OK. |
| CK | So that means we've got 4 minutes before the tape runs out. |



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| BB | OK. I would imagine it's the... normally wont if we get drafts like this for finance input we would track changes to it and send it in but I see he's talking about a meeting with Andrew later this week but I would presume that there would be track changes to it somewhere. |
| CK | And again we don't have everything so it was just from a finance perspective it would be normal that you would be sent such papers? |
| BB | We were right in the middle of a lot at this stage as it was June and we didn't know the full extent of the problem but we certainly knew we had a big problem given the 15/16 costs were and wouldn't have known about the spikes at that stage about the spikes that came in in November but yeah that would be from that June period like we would have been involved and would probably have seen everything that they did but there is something with track changes on it somewhere I can't imagine it was something that was just.... It may have been discussed at this meeting but the normal way to get the changes would be track changes. |
| CK | No that's fine and again we don't have all of the versions. I mean I'm just interested if you know I guess from our side looking in it looks like that there was a delay in recognising the issue in May 2015 and then actually cost controls the tiered tariffs being implemented in the middle of November from sort of being in and around it and you will have retired just before it? |
| BB | No I was there for the 15/16 year and then I retired on the 16/17 year. |
| CK | Sorry yes you did. So just a sense of why it took so long Bernie? |
| BB | Well you see the thing is a lot of this was led by energy division and if you get sight of these emails there is definitely an email where Trevor has written to John Mills and said you know you really need to move this along. He seemed to be more exercised about it than the head of energy seemed to be exercised about it but a lot of this needed energy division's input and it didn't come. We were looking at it to try and sort of belt and brace it or look at it from a financial point of view and a lot of took quite a long time even the basic that basic letter if you look at the timeline on that that writing to DECC I think that took about maybe 3 months for a basic email and I am definitely on record saying I don't think that this is going to do anything for us but if it's a starting point for us lets go there but the.... I don't know whether energy division were understaffed and you will see at you know when they needed help we provided them with it but you will find there will be correspondence were energy division got additional staff in I think towards I'm not certain you'll be able to get it on record when it was but it came to there is a group that met it would have been HR and finance and like a staffing resourcing group and they needed extra staff and they got extra staff so I don't know energy division would have to... anything that we got got.... Anything that we had to input did get turned around very quickly but there did seem to be a delay in paperwork coming out and I don't know if it's the standard its holiday time and you don't have your full quota of staff I do know because as I said on that staffing piece that they did have an issue with staffing and they did loose people as part of the VES but energy division were the one area that were protected when it came to you know when we were looking at planning on where these cuts would be made because it was a funding issue and we knew VES coming in and energy division was protected so they weren't supposed to get anyone going out but as you know Voluntary Exit in the department plan and who chooses to go are two different things and the two things have to be reconciled so they did lose a number of key people like I don't know throughout the division I don't know if that had an impact but those people were replaced very quickly we worked with HR on the staffing group to try and get... |



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| CK | Sorry Bernie the tapes... |
| CK | Ok sorry we have just changed the tapes over Bernie so you were previously on the other tape just talking about the staffing within the team and obviously about some of the delays within the energy division as well. |
| BB | I don't know whether it was then specifically within renewable energy team or not but I know that they lost and that we tried to protect that area to get staffing levels and they are but energy division lost people on the BAS scheme and they were replaced pretty quickly so the HR were doing their best to resolve that issue and there certainly was new posts approved as part of the resourcing groups work so I don't know if that's the issue or what. We wouldn't.... normally if energy division would make a submission to the minister and then you know we would only see that when it's approved or comes back but we certainly wouldn't within finance division have the insight to any delays that go on in that process but the delay in making a submission we would know like that email to DECC took quite a long time but you are seeing a draft letter there in June that we all didn't go until much much later so energy division would have to tell you what happened with that but we would see it go we wouldn't be in discussion or if we made a submission we wouldn't be in any discussion with special advisor or minister in relation to that and to the senior management team as well but energy division could tell you about when it goes or when they make the submission and any delay that comes in that they should be able to tell you about that. Now would you be sort of privy to that normally? |
| CK | I don't actually have any more questions – Keith do you? |
| KMcM | No I can't think of any. |
| CK | Bernie is there anything else you think from what you know or can remember you think that we should know? |
| BB | I don't think so I think what I have said to you it might not have been the best move you would need to check the date of that review I don't know what is supposed to be the policy side of the department or who is best placed to deliver a scheme when you have other options like we know Invest NI do this very well and they are in the same position where they have demand led work in progress but the scheme itself seemed an absolute nightmare the size of the scheme seems flawed to me but the cirque going out over 20 years seems like madness. The cost controls were essential to it so you know who took the decision to remove those. |
| CK | I know it's that removal bit Bernie that I'm particularly interested in you know to try and get to the bottom of because we certainly have no evidence of controls being removed it was just never discussed. |
| BB | How could anybody have thought that that would have worked without controls? Like we normally replicate everything which GB does I mean if you look at anything that Northern Ireland does a lot of the time we get Treasury guidelines they don't even try and make them you know for use in Northern Ireland so I do not understand why we as a department didn't just get them to run it for us it would've been the simplest thing or if we had to run it ourselves then you know why we didn't what we always do just copy it but if we decided if energy division decided at some stage to copy this then where was.... How did they think it was going to be controlled? They can't point to what happened afterwards like there was underspending but you know that isn't what how you start off when you are deciding the scheme it's how you control it and they have past history on this they had a problem with that Reconnect scheme where they closed it down and everybody rushed to apply for it and then it was are these real applications or are they people saying we will apply just in case and we had budgetary issues with that so it seems like an act of madness not to have put the budgetary control in especially when they had previous history on this so I don't know. From where I sit I don't know the |



specifics of it unless I'm actually asking someone to explain where they have an issue in their budget so I was reading about what the scheme was after the specifics of how the scheme was run after this huge increase in budget is required and you know it's going out over that's when well that's when I found out its gone out over 20 years and you think you know how could you not.... Surely you had to take a decision not to introduce any type of controls on it. You can't be saying it wasn't a problem because it was underspending because that should have been looked at because you wouldn't have known whether it was going to be underspending but you would've needed to have built in something to prevent overspending right from the outset so to I don't understand why it wasn't replicated because that is what we normally do for everything and how no budgetary control could have been put in place. We were lucky that there was no.... there wasn't a big uptake in it that it was just by luck that there was this underspending but obviously there was action taken under John Mills to... so that's the scheme would have been when Fiona Hepper was there it was fine because there obviously wasn't any uptake in it but from what has been reported and from reading through past papers I think that you know as GB were introducing all their reductions what happened was they all must have moved all the people who actually all the installers must have moved over to Northern Ireland and you know when this was going on I remember sitting in Invest NI and reading a full page advert about getting these schemes in and your thinking why would you be taking out a whole page to advertise unless this was, well we knew at this stage it was obviously a lucrative scheme so you know but I think it must have been the timing of that you know energy division were promoting the scheme just as everything as the prices were all dropping and all of the installers. Like I remember sitting with Trevor and saying good grief a whole page they are advertising so I think that that may have contributed to the spike but that is only my thoughts on the matter there isn't any like I don't know if there is any hard evidence to support that or not but that is just my thoughts on it so as I say the scheme needed the cost controls to be in place because you know there is much need of you know who knew about this was but as I've said regardless of the source of funding that's a huge problem and you don't wait until you need a 100% more budget than you have before you actually discuss it with your finance team so regardless of this you know we didn't know it wasn't regular AME. There is a problem there. It's not articulated. It's not escalated in any shape or form until it's a huge problem. It is managed 15/16 and I think that's what's lost in the sorry I'm only seeing what's reported on the TV now when you are seeing like nothing was done. We had got 15/16 sorted out so you know there was an expectation that maybe we could get something done and even when as late in November Treasury were saying we do your forecasts which were going out to I think 21/22 by that stage they were saying redo it with your scheme closing at the end of 15/16 so that's not just the department DETI that's DETI, DFP and Treasury all saying let's have a look at this. At that stage I think that they must, they had an incline that you know there maybe wasn't as much appetite for all these renewable energy type targets so that wasn't a loop we are going to pull the shutters down on this so you would need to talk to DFP about how they got that because I don't have insight to that but I would have expected them to be able to I don't know if they have any other controlled AME like that that they can play about without a block level because they know they can do that with others Clare so I don't know whether they have any other AME that would be categorised like that that they could manage themselves or whether they would have to go to Treasury to get so if there was other AME in the block that was categorised like that they could if there was an underspend one they could make it up that would be just their decision or whether they had to go to Treasury for those two increases which was in the June monitoring and January but you know anything with Treasury normally takes an awful lot longer so they came back quickly within the June Monitoring so I don't know if they had Treasury agreement or that was something that they could do so that was being done and from a financial point of view we were saying you need to stop entering into commitments so it was the way that the scheme was designed and the fact that



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| | energy division was saying that they needed to do all of these things before they could stop anything but in the end that is what they had to do. |
| CK | Yeah. |
| BB | They had to close it down but they didn't get there soon enough and I do think it coincided with... because when I was reading through material I think it did seem to coincide with you weren't getting such a good deal like anyone that would have been planning to exit the scheme were getting such a good deal so to take out a huge page advert can't be cheap so I don't know what was happening but I don't know whether energy division have any views on that. |
| CK | When was the advert placed do you remember roughly? |
| BB | It would have been.... Oh we were at a meeting in.... we were aware that there was a huge problem with the scheme at that stage. We had shared right from the outset everything with DFP and held nothing back including the lack of approvals and in 15/16 and that would have been I'm only guessing at it now but it definitely was.... I think it might have been around the time that it would have been just before the huge spike came. |
| CK | Was it advertising the change in tariffs? |
| BB | No no advertising... this was advertising the scheme in Northern Ireland. Like advertising it in Northern Ireland. |
| CK | So encouraging people to actually take up the scheme as opposed to actually just telling people we are going to change the tariffs? |
| BB | I think it was around about the time when the made a statement that the scheme was going to be you know they were going to introduce I think there was a statement made. I think that it was round about that time and when we saw this I thought oh my goodness that is actually actively encouraging people to take up the scheme. I think that was around the time that they had made a statement about they were going to introduce the tariffs. Like it was in one of the local papers. It was whichever paper they had sitting out in the foyer. We were going up to a meeting and there it was but which didn't bode very well for like what it was going to be. Everybody was clear as soon... from June onwards everybody knew that the scheme was well out of control in 15/16 and could only continue to grow because of the amount getting a handle on what that actually would be would obviously entailed energy division reviewing stratifying their approach to the forecast that they gave but it needed to be stopped. Energy led on all of that so you would have to ask them about what happened in terms of the delay to introduce those things. We would certainly have been asked for financial input and that type of thing but I don't think there would be anything we certainly wouldn't have been involved in that we would have been involved in.... we met with DFP privately on at least a monthly basis to report on what was happening. They were also looking at the other aspects of the scheme which was we wanted energy division to look at what could be done? Could you retrospectively change the tariffs and things like that so we were asking to look at that because we knew that's obviously the question that was going to be asked well how do you fix that now we have this huge problem so I think it's probably when they are taking on... they are trying to do... they have a job to do and I think that they were introducing another scheme at the same time and Stuart moved on to some new scheme that they were introducing and he moved over to that and it's when you are asking people to do these things on top of what their normal workload is it becomes quite difficult to turn them around fast but yes but was everybody aware that this was a huge problem? Yes. Was everybody aware of the things that needed to be done to sort it out? Yes because there was a list of things... a list of actions that had to be taken and they were taken but it needed ministerial approval to get this in place and we all know that didn't come to much later than what you would have expected it to come so I don't know you would need to speak to energy |



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| | division on that as the engagement would have been with them as opposed to finance division. |
| CK | OK. Bernie thank you. I very much appreciate your time and just for the tape it is 4:40pm. Many thanks Bernie. |
| BB | This must be absolutely torturous that you do this for every person? |