

Notes of interview
Tuesday 20th December 2016
 Trevor Cooper

Attendees:

Name	Initial	Company
Ian McConnell	IM	PwC
Trevor Cooper	TC	-
Clare Kennedy	CK	PwC
Keith McMaw	KMcC	PwC

Meeting notes:

CK	<p>It is the 20th December 2016 and it is currently 11:00am in the morning. It is the interview of Trevor Cooper and in the room we have Ian McConnell, Clare Kennedy and Keith McMaw from PwC. So just for the purposes of the tape Trevor I do want to thank you for coming along and for agreeing to co-operate with us in this process. What we try to do is run the interview for around 45 minutes and try to stop and give you the opportunity to take a break if you would like. I would just point out that I fail to do that on every single occasion so if at any time Trevor you want to take a break please just let us know and we can absolutely pause the tape and move on and if at any time during the interview you have any questions or would like us to clarify or rephrase a question again please do say so. We have not been provided with, well, perhaps all of the documentation out there that you may be aware of so please feel free to call that out as well. This interview that we are currently conducting is based on the documentation that we currently have available and I do have to ask you as well Trevor because we are conducting other interviews that you would please keep the content of the interview confidential.</p>
TC	Ok.
CK	Thank you. So Trevor what would be useful for us to start with is just if you could give us a bit of background to your career within the Department and particularly your role within Finance. A potted history.
TC	<p>I joined DETI in 2000, I'm actually trying to remember, June either 2004 or 2006. I'm not exactly ... not sure, but I guess probably 2004. At that time I was head of Finance and EU Programmes so budgeting, financial accounting, internal audit had a sort of relationship with me and sort of a managerial role obviously with ... they had a direct line to the accounting officer as well. European Programmes, so acknowledgement of the ERDF Programme, now at some point that side of the role was hived off, I'm not sure when. In relation to the sort of timeline we are talking about here from 2011 through 2015 there was a period from I think the end of March 2013 through to October 2013 when I wasn't in the Department, I was on sick leave and October / November I would have been on a sort of phased return so I wouldn't have been in all of the time.</p>
CK	So...

TC	So sorry the other area of the role was accountability and casework so governance and management of the casework process with the department.
CK	So basically for your entire career within DETI you were the Head of Finance which is a grade 5 post and again it would be useful as well for us Trevor just to understand how big your Finance team would have been? And if I was to take on board in particular around 2011 obviously we are interested in the Heat scheme so if we were take it from 2011 what would your team size have been?
TC	I think on the budgeting side there would have been 11 ish – 10 or 11. On the accounts side around about 6, on the governance and accountability side there would have been 7 ish each and in internal audit I believe we would have around mid 20 and all the branches headed by a grade 7. Budgeting had a DP, the accounts side had a VP, the accountability had a grade 7 VP and I think it actually had 2 VPs and internal audit would have had VP auditors SO upwards.
IM	How did each of those as you described, the Finance team as sitting in 4 buckets Trevor, so how would those 4 streams have interacted then with RHI at different points in time?
TC	There would have been interaction from the budgeting team right at the start. There would have been interaction between ... from the budgeting team when each RHI case got approval. There would have been interaction from the accountability team on each when each RHI case got approval and there would have been interaction from the accounts team whenever we were looking at forecasting whenever the spend seemed to have suddenly...
IM	So originally forecasting only or did they also make the payments?
TC	No they wouldn't have made the payments. Payments would have been made by the Energy Division Branch.
CK	And would there have been specific individuals within your Finance team that would have been the individual responsible for renewable heat? So you reference you know the DP being responsible for the branch, so within budgeting would there have been one person that would have been assigned to the renewable heat branch?
TC	No there wouldn't. They would have sort of broad ranging across the department.
CK	Ok so it wasn't that there was within your team a defined set of people who would have been focussed on the heat renewable scheme?
TC	No there wouldn't have been.
IM	But someone I would have presumed in terms of the internal design and the initial budgeting and financial inputs into the casework that lead ultimately to the implementation of the RHI scheme, I would assume someone in Finance was essentially leading on the finance contribution?
TC	When you say finance contribution there would have been I believe an engagement... there was an engagement right at the start on look there are cost controls around this and making sure that there would have been engagement on the budget side of things and the casework if there had of been queries around budget management there would have been engagement at that point. Now I'm not sure that there were a huge number of queries around budget management at that point in time because I think that at the time of the casework the budget management arrangements looked pretty



	comprehensive as described, so how much engagement I'm not sure. I'm not sure at that point, at that specific time.
IM	Ok so get beyond the initial kind of implementation, so now the scheme is up and running so what then became the role and responsibilities of Finance?
TC	The role would have been to monitor spend against budget. It wouldn't have been to forecast it wouldn't ... you know we wouldn't have been in receipt of the sort of granular forecast actual information, we would have been in receipt of spend at a sort of at the high level and forecast at the total level not at a granular level.
IM	Ok so you wouldn't have got , like I understand it, the kind of returns from Ofgem would have went to heat energy team so you were kind of one level up. So I can understand the kind of understanding actual payments against budget but surely the custodians of financial management sat with the Finance team in terms of you referencing having called out the need for cost control, which we will come back to, but so to what extent therefore was Bernie and yourself, the Finance team essentially acting as the custodians of financial management, financial control?
TC	At a high level we would have been responsible for financial management certainly yeah.
IM	What does that look like at a high level – what does that actually mean? I guess in retrospect you look at this and what we are trying to understand is well ok what was the financial control in place and specifically what were the financial controls that the Finance team had put in place to keep an eye on this scheme given its inherent risks and given that Bernie, yourself and others it would appear were aware that it was non-AME funding from the off so that created its own unique set of circumstances.
TC	Well it was non-AME with penalties over forward years. It would have been looking at it on a regular basis getting forward forecasts, getting forecasts for forward years, looking to see are there any signs of any sort of dangers around the budget side of things and there didn't appear to be. This programme was regularly underspending, there was regular sort of budget reductions, there wasn't a call for additional funding in 14/15 there was funding released back in I think its September and I think in December.
IM	Absolutely you are right so there was an underspend so I guess I'm not actually even going into the specifics Trevor to be fair I'm just trying to understand the control framework because the risk was that it may have underspent it may have overspent. All I'm really trying to get a sense of and understanding is what was the control regime put in place to try and identify the underspends is as important ultimately, ok and in hindsight we are all focussing on an overspend but either which way it was equally important to have control in place to know what was happening or likely to happen. So that is what we are trying to get our heads around what did that framework look like from a Finance perspective?
TC	And we haven't regular forecasts of projected spend but we had forecasts of forward spend over forward years. In your forecasts we had quarterly monitoring engagements around in your projected spend so we had regular high level forecasts against the scheme.
IM	Who was in the midst of that? Who was the Finance person or persons with the knowledge who were then doing the quarterlies or doing the annuals liaising with the Heat guys undoubtedly getting the information from them that allowed the Finance team to do the forecasts?
TC	It would have been Bernie's or Jeff.



IM	Bernie's name I'm familiar with – Jeff?
TC	Jeff Partridge would be DP level.
IM	And Bernie and Jeff would have sat then in which of the 4 buckets?
TC	They would have been the budgeting side.
IM	They're in the budgeting side? Ok. That's useful.
CK	They would have been getting that information from Energy itself?
TC	From Energy.
IM	Maybe come back to that in a minute. Maybe its worth – you referenced, go back to the start of the story, you referenced kind of the nature of the scheme funding Trevor and it would be useful for us to get further clarification in respect of that. You referenced it was non-standard AME with financial penalties. Could you explain?
TC	Our understanding of at that time of how this operated in practice was, as I understand it, through ultimately ... there was an initial email from between Energy and Treasury, I believe then there was an engagement between Bernie and Stuart Stevenson from DFP who had spoken to Treasury around the management of the scheme and that engagement was look this isn't standard AME there are penalties for overspending and you can't , you lose underspending, so if you don't have an EYF mechanism to carry money forward you lose it. In terms of how we understood the penalties would work it would not be that you would have an immediate resource total DEL hit in the first year, if you look at the wording of the email it talks about future years it doesn't specifically say you'll have an immediate DEL hit , so now obviously if you never get back within budget you could be in a different place in terms of any penalty regime but that was our understanding of how it would work at that time and my understanding of that engagement was essentially we couldn't afford any overspend so we were really flagging up look you need to treat this as if it were DEL in terms of the risk of overspending because we couldn't have managed effectively any penalty at that point in time.
IM	Even a presumed 5% if that were the understanding?
TC	Correct. Correct. You know at that point in time our budgets were under very significant pressures so any DEL hit would have been a problem to us and that's my understanding and that was my understanding of how those penalties operated, now I didn't have sight , there are other emails in here in terms of engagement with, I'm not sure what these guys are called.
CK	From the DECC Finance team?
TC	There was an email from Peter Hutchinson which actually Andrew McCormick showed me before PAC which I have absolutely no recollection of.
IM	That email came from Finance DECC, DECC Finance – Patel. Various emails to Peter.
TC	Yeah and as far as I understand and would recollect I had no sight whatsoever of those and don't believe the team would have had sight of them. Yeah the levies control framework reference. So we... to the best of my knowledge we didn't have sight of these supplementary engagements between Energy, DECC and I think I just wasn't sure they were all intra DECC but they possibly are.