



RENEWABLE HEAT
INCENTIVE INQUIRY

WIT-09501

RHI Inquiry
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8 Laganbank Road
BELFAST BT1 3LY
T: 028 9040 8833
E: general@rhiinquiry.org
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Colin Lewis
Deputy Secretary
DAERA
Central Services and Rural Affairs
Dundonald House
Upper Newtownards Road
Belfast
BT4 3SB

By post and email: colin.lewis@daera-ni.gov.uk

14 August 2017

Dear Sir

Re: The Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme
Provision of a Section 21 Notice requiring the provision of evidence in the form of a written statement

I am writing to you in my capacity as Solicitor to the Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme (known as 'the RHI Inquiry') which has been set up under the Inquiries Act 2005 ('the Act').

I know that you will be familiar, from my previous correspondence, with the RHI Inquiry's Terms of Reference, which remain available on the Inquiry's website. You will also be aware that the RHI Inquiry is conducting its investigations into the matters set out in its Terms of Reference. The Inquiry is continuing with the process of gathering all of the relevant documentation from relevant departments, organisations and individuals.

In addition, the Inquiry is also in the process of requiring individuals who have

Chairman: Rt Hon Sir Patrick Coghlin | Secretary: Andrew Browne | Solicitor: Patrick Butler

been, or who may have been, involved in the range of matters which come within the Inquiry's Terms of Reference to provide written evidence to the Inquiry Panel.

In keeping with the approach we are taking with other individuals, the RHI Inquiry is now issuing to you a Statutory Notice (known as a 'Section 21 Notice') pursuant to its powers to compel the provision of evidence in the form of a written statement in relation to the matters falling within its Terms of Reference.

The Section 21 Notice enclosed with this letter requires you to provide evidence to the RHI Inquiry Panel in the form of a written statement addressing the matters identified in the Schedule to the Section 21 Notice. As the text of the Section 21 Notice explains, you are required by law to comply with it.

The aim of the enclosed Notice is to require you to provide all relevant evidence you have within your knowledge, information or belief which is pertinent to the Inquiry's Terms of Reference. The Schedule to the enclosed Section 21 Notice provides further detail as to the matters which should be covered in the written evidence which is required from you. In the event that there is a category of information in respect of which you have no evidence which you can provide, please state this in your response. Where you can provide evidence, the more comprehensive your statement is, the less likely it may be that the Inquiry will have to revert to you at a later stage for clarification, although in many cases this is likely to be necessary to some degree.

It is vital that the witness statement you provide to the Inquiry is your own evidence, absent the influence of others; that it is comprehensive; and that it fully explains your involvement in the matters about which you have been asked.

As you may be aware, the Inquiry has already required the provision of a statement setting out the respective corporate positions of both the Department for the Economy and the Department of Finance in relation to the RHI Scheme. However, the Inquiry Panel is also interested in the roles played by individual civil servants who were involved with the Scheme. Moreover, the Inquiry Panel recognise that individual officials may have a different perspective from, or may even disagree with

certain aspects of, the position adopted by their Department (or former Department). The statement which is required from you pursuant to the enclosed Notice is your opportunity to explain what you did in relation to the RHI Scheme and why you did it; and also to make the Inquiry aware of any concerns you may have about the actions of others.

I appreciate that you may require or desire access to some documentation in order to assist you in preparing your statement. In particular, you may wish to see documentation to which you previously had access but now no longer have access in your current post. If that applies in your case, I understand that the Department for the Economy (DfE) is making arrangements to permit such access, at least in the first instance. You should contact Terence Coyne at DfE, who is the Department's RHI Task Force Information Manager, to organise this. He is contactable at Terence.Coyne@economy-ni.gov.uk. I have informed Mr Coyne that you may be making contact with him to arrange access to documentation; but there is, of course, no obligation upon you to do so.

I also refer you to Restriction Order No 2 made by the Chairman of the RHI Inquiry on 22 June 2017, a copy of which is enclosed for your convenience. This restriction order prohibits you from publishing any documentation received from the RHI Inquiry (save that you may show it to your legal representative) unless you first obtain the consent in writing of the Inquiry Chairman.

In addition to the three restriction orders made by the Chairman of the RHI Inquiry (which you will find published on the Inquiry website) receipt of this correspondence and its enclosures also places you under a duty of confidentiality to the RHI Inquiry in respect of them. You may share the correspondence and the enclosed Notice and documents with your legal representative(s), but neither you nor they may show, communicate the contents of, nor provide this correspondence or the Notice or documents to any other person or organisation without the express permission of the RHI Inquiry. Any breach of this duty of confidentiality is actionable at the suit of the Inquiry Chairman.

You will also find attached to the Section 21 Notice a Guidance Note explaining

the nature of a Section 21 Notice and the procedures that the RHI Inquiry has adopted in relation to such a notice. In particular, you are asked to provide your evidence in the form of the template witness statement which is also enclosed with this correspondence.

Given the tight time-frame within which the RHI Inquiry must operate, the Chairman of the Inquiry would be grateful if you would comply with the requirements of the Section 21 Notice as soon as possible and, in any event, by the date set out for compliance in the Notice itself.

Finally, I would be grateful if you could acknowledge receipt of this correspondence and the enclosed notice by email to Patrick.Butler@rhiinquiry.org.

Please do not hesitate to contact me to discuss any matter arising.

Yours faithfully

A handwritten signature in black ink that reads "Patrick Butler". The signature is written in a cursive style with a long horizontal stroke at the end.

Patrick Butler

Solicitor to the RHI Inquiry

02890408928

SCHEDULE**[No 390 of 2017]***Background*

1. Set out a description of your occupational history, qualifications and experience.
2. Set out a summary of your role or roles within the Department for Economy (previously the Department of Enterprise, Trade and Investment) ('the Department'). Please provide details of dates between which you held the role/s; when, how and why you were appointed to the role/s; and what the role/s entailed). In each instance, describe how this role related, if at all, to the Non Domestic Renewable Heat Incentive (RHI) Scheme in Northern Ireland ('the Scheme').
3. Explain, insofar as is relevant to any involvement you had with the RHI Scheme, to whom you were accountable and/or reported in the Department and who, if anyone, was accountable to and/or reported to you.

Management Services Group

4. Between what dates were you the Head of the Management Services Group?
5. Please explain the role and function of the Management Services Group within DETI, while you were its Head.
6. Please explain how the Management Services Group fitted into the departmental structure in DETI.
7. Please explain the structure of the Management Services Group, what Divisions and Branches it contained, and who reported to whom.

8. Please explain the reporting structures within the Management Services Group.

Senior Finance Director

9. Between what dates were you the Senior Finance Director in DETI?
10. Please explain what the role of Senior Finance Director entailed in DETI, including who reported to you, and how that reporting was carried out.

Involvement with RHI Scheme

11. Please summarise any involvement you had with the RHI Scheme, and during what period.
12. Please give a detailed chronological account of any involvement you had with the development and implementation of the RHI Scheme.
13. In respect of your particular role or position:
 - a. Explain what proportion or percentage of your role was devoted to work on the RHI Scheme (giving details, if applicable, of how this altered over time or at different periods);
 - b. Explain how you would have carried out your roles or responsibilities in relation to the RHI Scheme on a day-to-day basis; and
 - c. Specify whether you consider you were adequately trained and/or resourced in respect of your roles or responsibilities in relation to the RHI Scheme. (If not, please specify clearly in what respects you contend this was not so and, if applicable, what steps you took in relation to this).

14. Explain in detail any involvement you had in relation to, or touching upon, the Scheme including (but not limited to) any role or involvement you had in respect of the setting up, design, implementation, operation, promotion, oversight, governance, funding, amendment (including the introduction of cost controls), suspension and/or closure of the Scheme, from its inception up to the present day.
15. Without prejudice to the generality of the paragraph above, explain your involvement (if any) in:
 - a. the creation and development of the Scheme in, or before, 2012;
 - b. the administration/operation of the Scheme;
 - c. any problems or difficulties which emerged in respect of the Scheme (including, but not limited to, the causing or permitting, identification, consideration and/or remediation of any such problems);
 - d. the amendment, suspension or closure of the Scheme;

in each instance providing:

- i. details of any relevant interactions with Civil Servants, Ministers, Special Advisers, MLAs, politicians, political parties and other potentially relevant persons (e.g. consultants, the renewable heating industry, actual or potential applicants for accreditation under the Scheme, journalists, etc.);
- ii. where you made any decision, or gave any advice, in respect of any of the matters set out in the paragraph above, the reasons for that decision or that advice (as the case may be); and
- iii. details of any documents which are of significance or particular relevance (which should be annexed to the witness statement if you

have access to the documentation which permits you to do so; or, otherwise, which is identified as clearly as you can).

16. Please explain when you were first involved with the RHI Scheme, and what that involvement was.
17. Please identify when you first became aware that there was a problem or problems with the RHI Scheme and explain what they were.
18. Explain your understanding of the funding arrangements for the Scheme, including how that understanding was gained; how (if at all) it developed; what steps (if any) you took or directed to clarify the funding arrangements for the Scheme; whether, if you misunderstood the funding arrangements for the Scheme at any material time, you consequently communicated an inaccurate description of the Scheme's funding to other persons (in particular, more junior officials) at any material time (identifying the approximate date and recipient of such communications) and, if applicable, the steps you took to correct any misunderstanding on the part of other persons regarding the funding arrangements for the Scheme (identifying the approximate date of each such step and the name of each relevant person).
19. Identify, in your view, any flaws or difficulties with the Scheme and/or its operation, explaining in each instance, so far as you can, how these difficulties or flaws came about and with whom (if anyone) responsibility or accountability for them lay.

RHI and AME and DEL

20. To what extent, if any, were you aware of the communications in May 2011 between Alison Clydesdale and Bernie Brankin over the nature of the RHI Scheme funding (see Bernie Brankin's email of 3 May 2011 to Alison Clydesdale, included in the Inquiry's evidence bundle at WIT-00840 to WIT-00844, a copy of which is enclosed for your convenience). If you had any involvement then please explain what it was.

21. If you were unaware of the communications, given the nature of the RHI funding arrangement (AME but with a potential DEL consequence), please address the following matters:
 - a. Should this have been brought to your attention?
 - b. If so, what is the basis for saying so?
 - c. What would you have done had it been brought to your attention, and why?
22. When did you first become aware of the fact that the RHI budget was AME but with a potential DEL consequence? In relation to this:
 - a. Had you come across this type of funding before? If so please set out when and in what context.
 - b. Please explain how this type of funding was managed within the Department, and please compare and contrast this with the management of other funding streams that operated within the Department.
23. If this type of funding was unusual; not properly understood; potentially posed greater risks for the Department; what was done to deal with those facts, and by who, and, if different, what should have been done, why, and by who?
24. Was the fact of this type of funding arrangement (AME but with a potential DEL consequence) something that should have been brought to your attention, and the attention of the Permanent Secretary of the Department? If so, please explain the basis for so saying.
25. If there were no "non-standard AME" (or AME with a potential DEL effect) budget lines within Departmental finance computer systems and reports then

please explain why this was so. If there should have been please explain why this was not the case.

26. What measures were in place to ensure that “non-standard AME” (or AME with a potential DEL effect) was flagged and any risk associated with it properly managed within the Department. If there were other steps you consider should have been taken please explain what these were and why you consider they should have been taken.
27. Were quarterly monitoring returns in respect of, or including, the RHI Scheme headed “AME”? If so why was this the case if in fact the RHI funding was “non-standard AME”.
28. Who was responsible for titling monitoring returns? Was it possible to title them differently? If so, why was this not done, to reflect the actual type of funding involved?

Promotion of the Scheme

29. Specify whether you promoted the Scheme and/or encouraged any third party to seek accreditation under the Scheme, assisted any third party in so doing, or provided any third party with information knowing that they might apply, or consider applying, or that they might advise, encourage, assist, or cause other persons to apply, or consider applying, for accreditation under the Scheme. In respect of any such instance, please provide full details including (but not limited to) the third party concerned and the date of any steps taken by you in that regard.

Lobbying and pressure

30. Identify any instances, to your knowledge or belief, of lobbying or encouragement of Ministers, Special Advisers, Civil Servants or other relevant persons in relation to the terms of the Scheme and/or the introduction, non-introduction, variation or delay of the introduction of cost controls into the

Scheme (including, but not limited to, the amendment of tariffs, tiering, degression and Scheme suspension or closure) at any stage but, in particular, at the creation of the Scheme and in the period from mid-2015 to early 2016.

31. Identify any instances, to your knowledge or belief, where influence or pressure was exerted on you in relation to any aspect of the RHI Scheme. In respect of any such instance specify:
- a. who provided that influence or pressure;
 - b. when it occurred;
 - c. what it consisted of and how it was conveyed;
 - d. what you believed the motivation to have been (and what you now believe the motivation to have been, if different), and why you believe that; and
 - e. how you dealt with it.
32. Identify any instances, to your knowledge or belief, where influence or pressure was exerted on someone else in relation to the RHI Scheme. In respect of any such instance identify:
- a. who provided that influence or pressure;
 - b. who it was exerted on;
 - c. when it occurred;
 - d. what it consisted of and how it was conveyed;
 - e. what you believe the motivation to have been, and why you believe that;
 - f. how it was dealt with; and
 - g. how and when you came to be aware of the influence or pressure.

Standards of conduct and conflict of interest

33. Identify any instances, to your knowledge or belief, where a Minister, Special Adviser, Civil Servant or any other person involved in the RHI Scheme (including, if applicable, yourself):

- a. breached relevant standards (including, but not limited to, the Nolan Principles, the Ministerial Code of Conduct, the Civil Service Code of Conduct, the Code of Conduct for Special Advisers and/or terms or conditions of employment or service) or acted in a way incompatible with their duties (including, but not limited to, by means of making premature or unauthorised disclosures);
- b. acted in circumstances relating to or touching upon the Scheme in any way where they had a real or perceived conflict of interest;

in respect of any such instances, providing details and specifying the basis for any belief that there has been a breach of a relevant standard or duty or that a conflict of interest arose.

34. Specify whether, to your knowledge, you have any connection to a person or body receiving payment under the Scheme or benefiting commercially from the Scheme in some other way (for instance, by supplying equipment, plant, fuel or other goods or services used by Scheme claimants). In this request, a 'connection' includes (but is not limited to) circumstances where the Scheme claimant or beneficiary is a relative, friend, close acquaintance, business associate or (in the case of politicians or special advisers) donor or supporter (either to or of you or your political party).

Whistle-blowing and raising of concerns

35. Identify any instances of which you are aware of whistle-blowing in relation to the Scheme, or disclosures made in the public interest raising concerns about the Scheme, setting out details of when this occurred, to whom and by whom any relevant disclosure was made and how it was dealt with.
36. In particular, provide an account of how you dealt with any disclosures raising concerns about the Scheme made or communicated to you at any time. In

relation to each such instance, identify precisely how the concerns were communicated to you.

37. Specify when you first became aware that subsidies payable under the Scheme exceeded the cost of biomass fuel used to produce heat (so that there was an incentive in some cases to produce heat merely to make profit from the Scheme) and how you so became aware.

General

38. Considering the RHI Inquiry's Terms of Reference, please identify any representations made to you about the RHI Scheme (which you regard as significant and about which you consider the RHI Inquiry should be aware), whether those representations were made by colleagues, or otherwise. In respect of any such representations please indicate when they occurred, where they occurred, who was involved, and what was said or communicated to you.
39. Considering the RHI Inquiry's Terms of Reference, please identify any conversations or discussions you had about the RHI Scheme (which you regard as significant and about which you consider the RHI Inquiry should be aware), whether those conversations or discussions involved colleagues, or otherwise. In respect of any such conversations or discussions please indicate when they occurred, where they occurred, who was involved, and what was said to you.
40. Provide any further evidence within your knowledge or belief which is relevant to the matters which the RHI Inquiry is investigating as set out in the RHI Inquiry's Terms of Reference.

NOTE:

It is important for the efficiency of the RHI Inquiry that the issues identified above are addressed as fully as possible and by reference, where available, to the dates and

locations of specific incidents to which reference is made. The statement should be broken down into paragraphs, which should be numbered sequentially from '1' to the end. The use of appropriate section headings or sub-headings is also encouraged. A template witness statement is provided with this Notice for your assistance and should be used as the format for your response.

From: [Clydesdale, Alison](#)
To: [Hutchinson, Peter](#)
Cc: [Hepper, Fiona](#); [Connolly, Samuel](#)
Subject: FW: [RESTRICTED] RE: RHI NI
Date: 04 May 2011 11:00:52

Peter

I spoke with Bernie yesterday at length about this.

This presents a significant challenge.

DFp will require evidence of our ability to control the scheme in order to minimise over/under spending in any one year.

From a finance perspective grant is the riskiest route financially as it is hard to control the number of applications especially at the end of the programme. But from the policy side I expect we will need some element of front loaded grant to stimulate demand.

You will need to ask CEPA to factor this in as a risk factor in the economic appraisal - I didn't see any evidence of this in the draft that we have already received - but it will need to be fully addressed - especially as finance have asked to see the final proposals.

I also raised with Bernie the fact that the non grant route i.e. RHI will require admin funding to cover the cost of Ofgem administering the scheme. We will need to make a bid in June monitoring (I'll discuss with Sandra) but she was not hopeful that funding could be found.

It might be useful to get the IA for the grant funded element of the DECC scheme if we can - so as we can see how DECC are addressing this risk as their AME funding is being treated in the same way.

Alison

Alison Clydesdale

Sustainable Energy

Department of Enterprise, Trade & Investment

Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9248 (ext. 29248)

Mob: Personal information redacted by the RHI Inquiry

Textphone: 028 9052 9304

Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Brankin, Bernie
Sent: 03 May 2011 15:40
To: Clydesdale, Alison
Cc: Cooper, Trevor; Hepper, Fiona; Hutchinson, Peter
Subject: FW: [RESTRICTED] RE: RHI NI

Alison

Energy Division's AME has now been confirmed. I have spoken to Stuart Stevenson regarding RHI NI

AME allocation. RHI spending is not being treated as standard AME. This means that your RHI NI budget allocation is being treated the same as DEL allocations. If you underspend in any year, that part of your budget is lost to the department and, if you overspend in any year, DETI's budget will be reduced by the amount of overspend in future years. The NI Block lost all underspent budgets in 10/11 and DFP are currently in negotiations with Treasury about end year flexibility for the Block for this year and future years.

As discussed, you will need to take this treatment of AME into consideration when drawing up your proposals on how you will spend this allocation particularly if you are considering grants (which Energy Division knows from past experience are fraught with control problems). Please copy Finance into your draft proposals which would need to address the controls that you would put in place to prevent significant under/over spending. These proposals will also require DFP approval.

Happy to discuss further.

Bernie

Bernie Brankin

Finance
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9417 (ext: 29417)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Brankin, Bernie
Sent: 15 April 2011 16:04
To: Clydesdale, Alison
Cc: Cooper, Trevor; Hepper, Fiona; Hutchinson, Peter
Subject: FW: [RESTRICTED] RE: RHI NI

Alison

AME budgets have just been confirmed by Treasury/ DFP. Your AME allocation for RHI is £2m in 11/12, £4m in 12/13, £7m in 13/14 and £12m in 14/15. This will be confirmed in writing to you early next week. I will discuss further with DFP and come back to you.

Bernie

Bernie Brankin

Finance
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue

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Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Clydesdale, Alison
Sent: 15 April 2011 12:25
To: Hepper, Fiona; Brankin, Bernie
Cc: Hutchinson, Peter
Subject: FW: [RESTRICED] RE: RHI NI
Importance: High

Fiona - for info .

Bernie - see below regarding reporting against the £25m that we have been allocated for RHI - can you advise how this will work in practice for us - I am presuming that DFP will work through your side on this ?

Can you also advise if this years' allocation of £1.7 m will show in Energy's budget line ?

Happy to discuss.

Alison

Alison Clydesdale
Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9248 (ext: 29248)
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Please consider the environment - do you really need to print this e-mail?

From: Parker, Jon - HMT [<mailto:Jon.Parker@hmtreasury.gsi.gov.uk>]
Sent: 15 April 2011 12:13
To: Clydesdale, Alison
Cc: Hutchinson, Peter; Garcia, Nicolas - HMT; Parkinson, Mark - HMT;
Mike.brennan@dfpni.gsi.gov.uk
Subject: [RESTRICED] RE: RHI NI

Alison,

Sorry for the delay in coming back to you. Taking your points in turn:

- i) With DECC, we have agreed that they can make commitments to spending in future years (up to 20 years) for installations that are installed within the SR period (i.e. the initial payments have to be affordable within the SR profile), and providing that the policy is set up so that payments should be basically flat over the 20 year period in real terms (i.e. no backloading to ease short-term affordability pressures). This same agreement would apply to any NI scheme.
- ii) DECC's GB RHI profile is £56m/133m/251m/424m. NI's share of this is 2.98%, so £1.7m/4.0m/7.5m/12.6m. The NI scheme would need to follow this profile as much as possible – on which further below. We will need you to feed into us forecasts of NI RHI spending for the Office of Budget Responsibility's bi-annual forecasts – this can be fed through me or Mark Parkinson (in the Devolved Countries Unit within Treasury).
- iii) This funding does have to be used for renewable heat, but if NIE decide you would like to use it for a grant scheme or some such then this would be permissible as long as the cost of NIE spending is constrained to the AME consequential.

The other key point it is necessary to let you know about is that the DECC RHI spending is not being treated as standard AME, where the Exchequer takes on all risks of overspend. Instead, there is a risk-sharing arrangement whereby should RHI spending in one year exceed the SR profile, then DECC would need to repay this in future years. They can do this through announcing changes to the SR that will bring cost savings relative to the SR profile in future years. However, a small proportion of any required future savings (still to be determined, but likely to be of the order of 5%) will have to be funded through contributions from DECC's DEL. Again, these rules would be applied in equivalent fashion to NI.

Happy to discuss any of these issues in more detail.

Jon

Jon Parker | Joint Head, Energy Branch | Energy, Environment and Agriculture
HM Treasury, 1/N2, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5641

 Please consider the environment before printing this email.

www.hm-treasury.gov.uk

From: Clydesdale, Alison [<mailto:Alison.Clydesdale@detini.gsi.gov.uk>]

Sent: 11 April 2011 13:00

To: Parker, Jon - HMT

Cc: Hutchinson, Peter

Subject: RHI NI

Jon

We spoke briefly the other day about the £25m allocation to NI for an RHI.

Can I ask you to clarify for me :-

- (i) The position with the commitment to 20 year payments within NI.
- (ii) The process for advising on the spending profile of the £25m AME that we have been allocated.
- (iii) If the £25m can solely be used for an RHI - or we can use it to incentivise in a different way e.g grant ?

Happy to discuss.

Alison

Alison Clydesdale
Sustainable Energy

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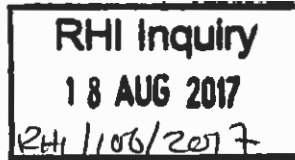
Colin Lewis
Central Services and Rural Affairs Group



Department of
**Agriculture, Environment
and Rural Affairs**

www.daera-ni.gov.uk

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Telephone: 028 9052 4628

Email: colin.lewis@daera-ni.gov.uk

By post and email:
Patrick.Butler@rhiinquiry.org

15 August 2017

Dear Sir

Re: The Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme

Provision of a Section 21 Notice requiring the provision of evidence in the form of a written statement

Thank you for your letter of 14 August 2017.

I enclose my Witness Statement (reference Notice 390 of 2017). I should be obliged if you would acknowledge receipt.

Yours faithfully

Colin Lewis
Head of Central Services and Rural Affairs Group

If you are deaf or have a hearing difficulty you can contact the Department via the Next Generation Text Relay Service by dialling 18001 + telephone number.







INQUIRY INTO THE RENEWABLE HEAT INCENTIVE SCHEME

RHI REF: Notice 390 of 2017

DATE: 15 August 2017

Witness Statement of:

I, Colin Edward Lewis, will say as follows: -

Background

1. On leaving Queens University in 1981 with a BA Honours degree, I joined Stokes, Kennedy, Crowley, Chartered Accountants as a Trainee Chartered Accountant. The firm was acquired by KPMG a short time later. During my time in KPMG I became a qualified chartered accountant and an Associate Member of the Institute of Chartered Accountants in Ireland. I attained Fellowship of the Institute 10 years after qualification. I was also a licenced Insolvency Practitioner.

I remained in KPMG until February 1991 when I moved on secondment to the Industrial Development Board for Northern Ireland ("IDB"). IDB was an agency of the Department for Economic Development. I assumed the post there of Industrial Accountant (Grade 7 level).

In August 1992, I assumed the role of Industrial Accountant in IDB on a substantive basis via an external recruitment competition. I effectively became a Civil Servant from that date.

In September 1995, I transferred within IDB to the post of Project Manager in the International Investment Division. My role was to secure new foreign direct investments into Northern Ireland.



In November 1999, I was successful in achieving entry into the Senior Civil Service via an internal recruitment process. I occupied various posts in IDB at this level (Grade 5 level), principally focused on international marketing and sales activities.

In February 2005, I was successful in an external recruitment competition and became Managing Director, Corporate Services Group in Invest NI. Invest NI is an Arms-Length Body of the Department for Economy (previously the Department of Enterprise, Trade and Investment). I was responsible for leading and managing all corporate back office functions comprising strategy and planning, finance, Human Resources, IT, communications, corporate appraisal, and property management.

In April 2009, I moved on secondment to the post of Principal Establishment and Finance Officer / Senior Finance Director (Grade 3) in the Department for Economy (previously the Department of Enterprise, Trade and Investment). I was responsible for leading and managing the Management Services Group, which was made up of all corporate back office functions as well as business regulation services.

In July 2010, I assumed the role of Principal Establishment and Finance Officer / Senior Finance Director (Grade 3) on a substantive basis via an external recruitment competition.

In January 2012, I moved on secondment to the post of Interim Chief Executive of the Office of the Police Ombudsman for Northern Ireland.

In August 2012, I returned to the role of Principal Establishment and Finance Officer / Senior Finance Director (Grade 3) in the Department for Economy (previously the Department of Enterprise, Trade and Investment).

In April 2013, I transferred to the post of Director, Corporate HR (Grade 3) in the Department of Finance (previously the Department of Finance and Personnel). I was responsible for strategic workforce planning, pay and



grading, HR policy, industrial relations, welfare and occupational health services for the Northern Ireland Civil Service.

In April 2017, I transferred to the post of Head of Central Services and Rural Affairs in the Department of Agriculture, Environment and Rural Affairs (Grade 3). I am responsible for all corporate back office functions and rural affairs policy.

2. A summary of my roles within the Department for Economy (previously Department for Enterprise, Trade and Investment, and before that Department of Economic Development) is as follows:

Industrial Accountant (Grade 7), Industrial Development Board

In post (initially on secondment and then in a substantive role via an external recruitment competition) from February 1991 to September 1995. The principle function of the role was to undertake commercial appraisals of business proposals and to provide corporate finance advice to colleagues. The role had no linkage to the RHI scheme.

Project Manager (Grade 7), Industrial Development Board

I transferred to this post in September 1995. My role was to secure new foreign direct investment investments into Northern Ireland. The role had no linkage to the RHI scheme.

Director, International Sales and Marketing Division (Grade 5), Industrial Development Board

I was promoted to this Senior Civil Service post in November 1999. My role was to market and sell Northern Ireland in international markets as a viable and attractive location for inward investment. The role had no linkage to the RHI scheme.



**Principal Establishment and Finance Officer / Senior Finance Director
(Grade 3), Department of Enterprise, Trade and Investment**

In April 2009, I moved on secondment to the post. I was responsible for leading and managing the Management Services Group, which was made up of all corporate back office functions as well as business regulation services.

From July 2010 until April 2013 I assumed the role on a substantive basis via an external recruitment competition, with the exception of a period of secondment to the Office of the Police Ombudsman for Northern Ireland (from January 2012 to July 2012 inclusive). The role had no policy or operational linkage to the RHI scheme. Had I been in post in March 2012, I would have chaired the Casework Committee that considered the RHI scheme business case. However, I was on secondment to an external public body at the time.

3. As I had no involvement in the RHI scheme, I was not accountable to anyone.

Management Services Group

4. I was Head of Management Services Group from April 2009 until April 2013, with the exception of a period of secondment to the Office of the Police Ombudsman for Northern Ireland (from January 2012 to July 2012 inclusive).
5. I was responsible for leading and managing the corporate back office functions of the Department as well as business regulation services.
6. The Department was divided into two Groups, the Management Services Group being one and the Policy Group being the other.
7. The Group was made up of five Divisions and/or Branches. These were Business Regulation, Finance (including internal audit), Human Resource and Central Support, European Support Unit and the Communications Office.



8. Divisional and Branch heads reported directly to me as Head of Group.

Senior Finance Director

9. The title *Senior Finance Officer* was interchangeable with the titles *Principal Establishment and Finance Officer* and *Head of Management Services Group*, which are described in preceding paragraphs. They were one in the same. I was in post from April 2009 until April 2013, with the exception of a period of secondment to the Office of the Police Ombudsman for Northern Ireland (from January 2012 to July 2012 inclusive).
10. Divisional and Branch heads reported directly to me as Head of Group.

Involvement with RHI Scheme

11. I had no involvement whatsoever with the RHI scheme. However, I would have noted references to the scheme in annual Departmental Operating Plans.

RHI and AME and DEL

12. I was not aware of the communications in May 2011 between Alison Clydesdale and Bernie Brankin over the nature of the RHI scheme funding.
13. There was no reason to bring this matter to my attention. This is was an operational and routine matter that did not warrant escalation to me as Head of Group. Appropriate advice was given by the subject matter expert, as would be expected.
14. In the hypothetical situation that the matter was brought to my attention for consideration and advice, I would have considered it based on my own experience and provided advice. If I wanted reassurance, I would have sought subject matter expert advice from my staff who had expertise in public



expenditure rules or from relevant staff within the Department of Finance and Personnel.

15. As I had no knowledge whatsoever of the RHI scheme I cannot comment on the various questions posed relating to AME / DEL funding.

Promotion of the Scheme

16. I had no involvement with the RHI scheme whatsoever.

Lobbying and pressure

17. To my knowledge and belief, I am not aware of any instances of lobbying or encouragement of Ministers, Special Advisers, and Civil Servants or other relevant persons in relation to the terms of the scheme and/or the introduction, non-introduction, variation or delay of the introduction of cost controls into the scheme.
18. No influence or pressure was exerted on me in relation to any aspect of the RHI scheme.
19. I am not aware of any instances where influence or pressure was exerted on someone else in relation to the RHI scheme.

Standards of conduct and conflict of interest

20. To my knowledge and belief, I am not aware of any instances where a Minister, Special Adviser, Civil Servant or any other person involved in the RHI scheme breached relevant standards or acted in circumstances relating to or touching upon the scheme in any way where they had a real or perceived conflict of interest.

RENEWABLE HEAT
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21. I believe my sister in law and her husband (Lesley and John Wallace, Clabby, County Fermanagh) received payment under the scheme, although I do not know the quantum involved.

Whistle-blowing and raising of concerns

22. I am unaware of any instances of whistle-blowing in relation to the scheme, or disclosures made in the public interest raising concerns about the scheme.
23. I first became aware that subsidies payable under the scheme exceeded the cost of the biomass fuel used to produce heat via the BBC Spotlight programme dedicated to the subject matter.

General

24. I have received no representations with respect of the RHI scheme.
25. I have had no significant conversations or discussions with respect to the RHI scheme.

Statement of Truth

I believe that the facts stated in this witness statement are true.

Signed: _____  _____

Dated: ___15/08/17_____

From: [Clydesdale, Alison](#)
To: [Hutchinson, Peter](#)
Cc: [Hepper, Fiona](#); [Connolly, Samuel](#)
Subject: FW: [RESTRICED] RE: RHI NI
Date: 04 May 2011 11:00:52

Peter

I spoke with Bernie yesterday at length about this

This presents a significant challenge.

DFp will require evidence of our ability to control the scheme in order to minimise over/under spending in any one year.

From a finance perspective grant is the riskiest route financially as it is hard to control the number of applications especially at the end of the programme. But from the policy side I expect we will need some element of front loaded grant to stimulate demand

You will need to ask CEPA to factor this in as a risk factor in the economic appraisal - I didn't see any evidence of this in the draft that we have already received - but it will need to be fully addressed - especially as finance have asked to see the final proposals

I also raised with Bernie the fact that the non grant route i.e. RHI will require admin funding to cover the cost of Ofgem administering the scheme. We will need to make a bid in June monitoring (I'll discuss with Sandra) but she was not hopeful that funding could be found.

It might be useful to get the IA for the grant funded element of the DECC scheme if we can - so as we can see how DECC are addressing this risk as their AME funding is being treated in the same way.

Alison

Alison Clydesdale
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Mob. Personal information
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Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Brankin, Bernie
Sent: 03 May 2011 15:40
To: Clydesdale, Alison
Cc: Cooper, Trevor; Hepper, Fiona; Hutchinson, Peter
Subject: FW: [RESTRICED] RE: RHI NI

Alison

Energy Division's AME has now been confirmed. I have spoken to Stuart Stevenson regarding RHI NI

AME allocation. RHI spending is not being treated as standard AME. This means that your RHI NI budget allocation is being treated the same as DEL allocations. If you underspend in any year, that part of your budget is lost to the department and, if you overspend in any year, DETI's budget will be reduced by the amount of overspend in future years. The NI Block lost all underspent budgets in 10/11 and DFP are currently in negotiations with Treasury about end year flexibility for the Block for this year and future years.

As discussed, you will need to take this treatment of AME into consideration when drawing up your proposals on how you will spend this allocation particularly if you are considering grants (which Energy Division knows from past experience are fraught with control problems). Please copy Finance into your draft proposals which would need to address the controls that you would put in place to prevent significant under/over spending. These proposals will also require DFP approval.

Happy to discuss further.

Bernie

Bernie Brankin

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Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Brankin, Bernie
Sent: 15 April 2011 16:04
To: Clydesdale, Alison
Cc: Cooper, Trevor; Hepper, Fiona; Hutchinson, Peter
Subject: FW: [RESTRICTED] RE: RHI NI

Alison

AME budgets have just been confirmed by Treasury/ DFP. Your AME allocation for RHI is £2m in 11/12, £4m in 12/13, £7m in 13/14 and £12m in 14/15. This will be confirmed in writing to you early next week. I will discuss further with DFP and come back to you.

Bernie

Bernie Brankin

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Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Clydesdale, Alison
Sent: 15 April 2011 12:25
To: Hepper, Fiona; Brankin, Bernie
Cc: Hutchinson, Peter
Subject: FW: [RESTRICATED] RE: RHI NI
Importance: High

Fiona - for info .

Bernie - see below regarding reporting against the £25m that we have been allocated for RHI - can you advise how this will work in practice for us - I am presuming that DFP will work through your side on this ?

Can you also advise if this years' allocation of £1.7 m will show in Energy's budget line ?

Happy to discuss.

I

Alison

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Please consider the environment - do you really need to print this e-mail?

From: Parker, Jon - HMT [<mailto:Jon.Parker@hmtreasury.gsi.gov.uk>]
Sent: 15 April 2011 12:13
To: Clydesdale, Alison
Cc: Hutchinson, Peter; Garcia, Nicolas - HMT; Parkinson, Mark - HMT;
Mike.brennan@dfpni.gsi.gov.uk
Subject: [RESTRICATED] RE: RHI NI

Alison,

Sorry for the delay in coming back to you. Taking your points in turn:

- i) With DECC, we have agreed that they can make commitments to spending in future years (up to 20 years) for installations that are installed within the SR period (i.e. the initial payments have to be affordable within the SR profile), and providing that the policy is set up so that payments should be basically flat over the 20 year period in real terms (i.e. no backloading to ease short-term affordability pressures). This same agreement would apply to any NI scheme.
- ii) DECC's GB RHI profile is £56m/133m/251m/424m. NI's share of this is 2.98%, so £1.7m/4.0m/7.5m/12.6m. The NI scheme would need to follow this profile as much as possible – on which further below. We will need you to feed into us forecasts of NI RHI spending for the Office of Budget Responsibility's bi-annual forecasts – this can be fed through me or Mark Parkinson (in the Devolved Countries Unit within Treasury).
- iii) This funding does have to be used for renewable heat, but if NIE decide you would like to use it for a grant scheme or some such then this would be permissible as long as the cost of NIE spending is constrained to the AME consequential.

The other key point it is necessary to let you know about is that the DECC RHI spending is not being treated as standard AME, where the Exchequer takes on all risks of overspend. Instead, there is a risk-sharing arrangement whereby should RHI spending in one year exceed the SR profile, then DECC would need to repay this in future years. They can do this through announcing changes to the SR that will bring cost savings relative to the SR profile in future years. However, a small proportion of any required future savings (still to be determined, but likely to be of the order of 5%) will have to be funded through contributions from DECC's DEL. Again, these rules would be applied in equivalent fashion to NI.

Happy to discuss any of these issues in more detail.

Jon

Jon Parker | Joint Head, Energy Branch | Energy, Environment and Agriculture
HM Treasury, 1/N2, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5641

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www.hm-treasury.gov.uk

From: Clydesdale, Alison [<mailto:Alison.Clydesdale@detini.gsi.gov.uk>]

Sent: 11 April 2011 13:00

To: Parker, Jon - HMT

Cc: Hutchinson, Peter

Subject: RHI NI

Jon

We spoke briefly the other day about the £25m allocation to NI for an RHI.

Can I ask you to clarify for me :-

- (i) The position with the commitment to 20 year payments within NI.
- (ii) The process for advising on the spending profile of the £25m AME that we have been allocated.
- (iii) If the £25m can solely be used for an RHI - or we can use it to incentivise in a different way e.g grant ?

Happy to discuss.

Alison

Alison Clydesdale
Sustainable Energy

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