

Department for the Economy and Invest NI – Annual Audit of Financial Statements

Mr Kieran Donnelly, Comptroller and Auditor General (C&AG), has issued a report on the results of his audit of the 2019-20 accounts of the Department for the Economy (the Department) and Invest Northern Ireland (Invest NI).

The Department's report provides an update on qualification issues relating to the non-domestic Renewable Heat Incentive (RHI) scheme, irregular payments to North South bodies and a new qualification relating to the Small Business Grant Scheme (established in March 2020 in response to the Covid-19 pandemic). The report also provides an update on the Department's loan to the Presbyterian Mutual Society and why the Department has incurred an additional £1.4 million of costs in 2019-20 relating to HMS Caroline.

Invest NI's report also includes the same qualification as the Department in relation to the Small Business Grant Scheme as Invest NI's limited responsibility was to record the costs of the scheme in its 2019-20 accounts. The C&AG also comments on Invest NI's awarding of a rescue loan of £2.5 million to the Wrightbus Group in 2019 and £3 million of grants awarded since 2014.

Small Business Grant Scheme

The Small Business Grant Scheme was launched by the Department on 26 March 2020 to provide one-off emergency grants of £10,000 to small businesses to help mitigate the potential threat of business closures at the start of the Covid-19 pandemic. £220 million was paid out under this scheme (£67.7 million in 2019-20 and the remainder in 2020-21). As a result of the audit, a number of ineligible payments were identified indicating that an estimated £13.5 million (arising over two financial years) could have been paid to recipients who were not eligible under the scheme rules. Some of these errors arose where businesses were not trading from that particular property on which the grant was eligible and were therefore not entitled to receive the grant, landlords receiving payment instead of the tenant and duplicate payments made.

The C&AG noted that this scheme was required to be designed and delivered at a rapid pace in exceptional circumstances and it was in recognition of this that the scheme was subject to a Direction from the Economy Minister. The report outlines the Department's progress in recovering ineligible payments made to 374 businesses as well as producing a lessons learned report covering the three business grant schemes and commissioning research on the impact and value for money of its Covid-19 interventions.

Other issues reported on in relation to the Department for the Economy 2019-20 accounts were as follows:

Non-Domestic Renewable Heat Incentive Scheme

The C&AG first reported on non-domestic RHI in Summer 2016 and has reported further details in every year since then. From 1 April 2019 changes to RHI regulations have considerably reduced the tariff paid to scheme applicants and as a result, the amount paid by the Department to applicants has fallen from £21.1 million in 2018-19 to £3.8 million in 2019-20.

Whilst progress has been made in carrying out the programme of inspections (due to be completed by March 2021), issues are still being identified such as the overproduction of heat and failure to provide accurate information regarding the heat use.

Payments to North South bodies

The C&AG's report sets out irregular payments to two North South bodies of £15.5 million. These payments were irregular only because in the absence of a DfE Minister it was not possible to secure North South Ministerial Approval for the 2019 and 2020 business plans.

Presbyterian Mutual Society

The report also comments on the loans made by the former DETI to bail out the Presbyterian Mutual Society. At 31 March 2020 the Department's accounts show a debt of £78 million still to be repaid, but the impact of Covid-19 has resulted in the planned property sales to repay the loan being seriously affected and the Department is reviewing options, one of which may include a possible extension to the loan facility.

HMS Caroline

Finally the report notes the delays in the restoration of HMS Caroline, which has taken two years longer to deliver than was initially expected, mainly due to the difficulties in securing leases and with a deficit being incurred earlier than anticipated, mainly due to lower visitor numbers, the Department has incurred an additional £1.4 million of costs up to 2019-20 and is in the process of considering options for the future of the attraction.

Other issues reported on in relation to the Invest NI 2019-20 accounts were as follows:

Invest NI – Wrightbus

Commenting on the awarding of the £2.5 million rescue aid loan to Wrightbus in 2019, the C&AG noted that the loan was awarded before formal approval had been received from the European Commission, but accepted that the Commission had been notified in advance and that the purpose of the loan was to secure the continuance of the Wrightbus operation until a buyer could be found. The C&AG also commented that without this funding being issued at that time, the subsequent rescue and sale may not have been achieved.

In relation to the £3 million grants awarded by Invest NI to the Wrightbus Group since 2014-15, the C&AG was able to confirm that Invest NI carried out the relevant checks and applied the appropriate controls to ensure the funding met the requisite criteria of the funding schemes used.

Department for the Economy 2019-20 Annual Report and accounts are available on the [Department's website](#).

Invest Northern Ireland 2019-20 Annual Report and accounts are available on the [Invest NI website](#).

ENDS

Notes for Editors

1. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He, and the NIAO, are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
2. This report is available on the Audit Office website at www.niauditoffice.gov.uk.
3. Background briefing can be obtained from the Audit Office by contacting Patrick Barr (028 9025 1063) or Brian O'Neill (028 9025 4323).