



Northern Ireland Audit Office

MEDIA RELEASE

Mr Kieran Donnelly, Comptroller and Auditor General (C&AG), today issued a report on the results of his audit of the 2015-16 accounts of the Department of Enterprise, Trade and Investment (the Department).

Background

The Department introduced the non-domestic Renewable Heat Incentive scheme (the scheme) in late 2012 following the introduction of a parallel scheme in Great Britain. The scheme was designed to increase the uptake of renewable heat technologies in pursuit of the Executive's target of increasing heat consumption from renewable sources. During 2015-16 the Department incurred expenditure of £30.5 million in relation to the scheme.

The C&AG qualified his audit opinion on the 2015-16 financial accounts in respect of the scheme because a substantial part of this expenditure (£11.9 million) was not approved by the Department of Finance and Personnel and because he was not satisfied that the systems operated by the Department were adequate to prevent or detect abuse of the scheme were adequate.

Key issues

Key issues in the C&AG's report include:

- Commitments under the scheme have exceeded the maximum amount that HM Treasury were prepared to fund. The excess funding will now have to be met from the Northern Ireland block grant. Over the next five years, this additional cost to the NI block is estimated to be £140 million and significant costs will continue to be incurred until 2036.
- The Department failed to obtain required approvals from the Department of Finance and Personnel for £11.9 million of expenditure during a seven month period during 2015-16.
- The design of the scheme crucially did not introduce 'tiering' of payments as operated in Great Britain where a reduced rate was applied after the equipment had been operated for 15 per cent of hours in a year. This tiering would have helped prevent potential abuse of the scheme by operating the equipment simply to increase the grant received.
- The scheme in Great Britain also used 'degression' which allowed the amount of subsidy paid to change quarterly in response to changes in demand. From 2012 to 2016 the rates paid in Great Britain fell by 50% while the rates in Northern Ireland increased.
- Returns available to claimants under the scheme in Northern Ireland appear to be excessive and are committed to for the next twenty years.

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 will be available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 on Tuesday 5th July.
3. Background briefing can be obtained from the Audit Office by contacting Tomas Wilkinson (028 9025 1073) or Brian O'Neill (028 9025 4323).