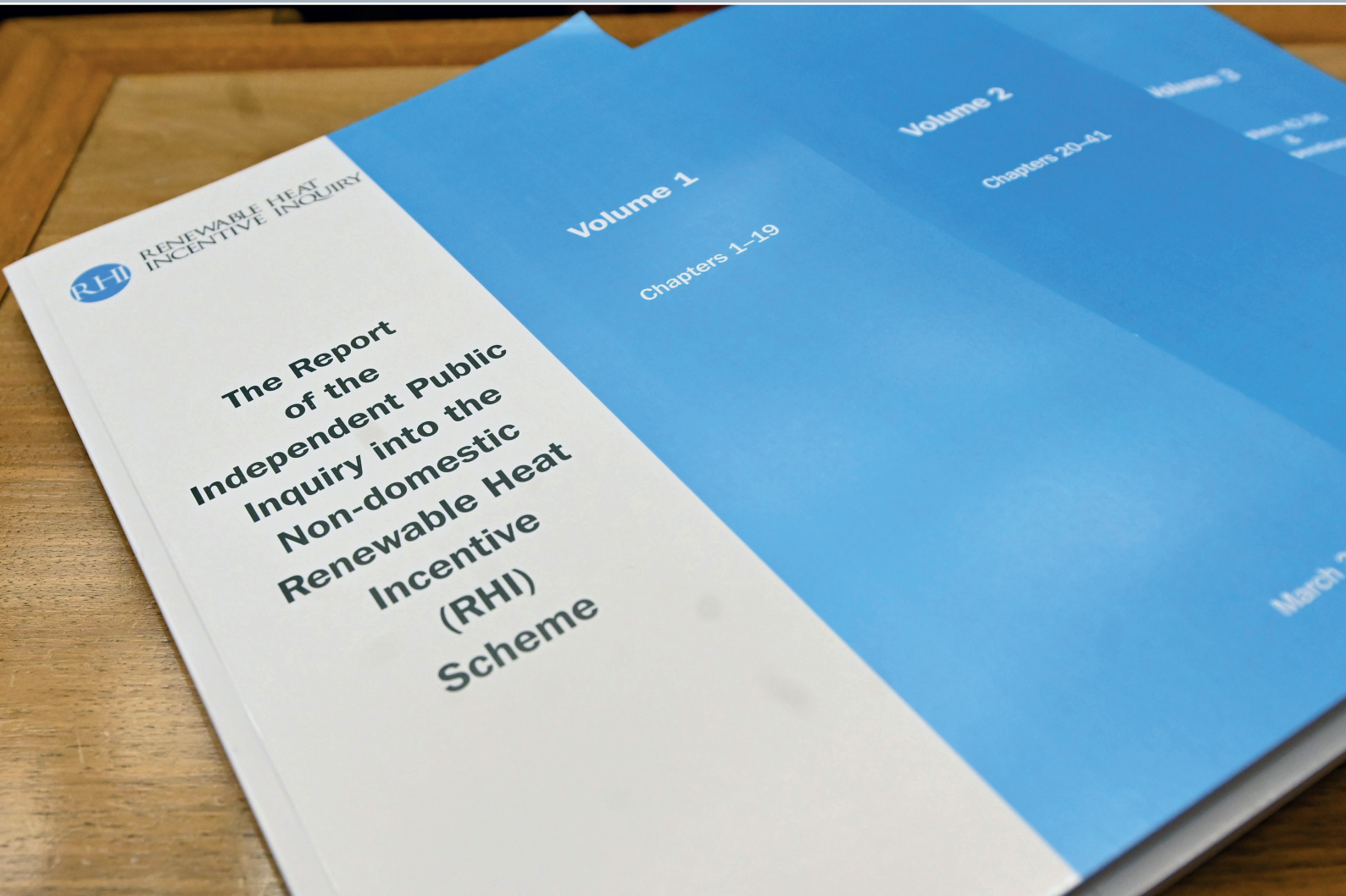




Northern Ireland Audit Office

Northern Ireland Non-Domestic Renewable Heat Incentive Scheme: Progressing implementation of the Public Inquiry recommendations



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
22 March 2022



Northern Ireland Audit Office

Northern Ireland Non-Domestic Renewable Heat Incentive Scheme: Progressing implementation of the Public Inquiry recommendations

This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 (for presentation to the Northern Ireland Assembly in accordance with Article 11 of Order).

K J Donnelly CB
Comptroller and Auditor General
22 March 2022

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List of abbreviations

Acronym	Definition
ALB	Arm's Length Body
AME	Annually Managed Expenditure
C&AG	Comptroller and Auditor General
CLG	Chairpersons' Liaison Group
CPD	Construction and Procurement Delivery
DEL	Departmental Expenditure Limit
DETI	Department of Enterprise, Trade and Investment
DfE	Department for the Economy
DoF	Department of Finance
FBC	Full Business Case
GB	Great Britain
GIAFIS	Group Internal Audit and Fraud Investigation Service
GOST	Government On-line Skills Tool
HMT	Her Majesty's Treasury
HPRM	Hewlett Packard Records Management
HR	Human Resources
kW	Kilowatt
kWh	Kilowatt Hour
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
OBC	Outline Business Case
ODT	Organisational Development and Transformation Programme
Ofgem	The Office of Gas and Electricity Markets
PAC	Public Accounts Committee

PfG	Programme for Government
P3O	Portfolio, Programme and Project Offices
RHI	Renewable Heat Incentive
SIB	Strategic Investment Board
SOC	Strategic Outline Case
SRO	Senior Responsible Owner
UK	United Kingdom
VBO	Voluntary buy-out

Executive Summary

Background

1. In November 2012, the Department for the Economy (DfE)¹ launched the Non-Domestic Renewable Heat Incentive scheme (the RHI scheme). The objective of the RHI scheme was to encourage the uptake of renewable heating solutions over conventional heating solutions by providing long-term financial support to participants.
2. The design of the RHI scheme contained critical flaws that enabled participants using medium-sized biomass boilers to claim financial support from the government in excess of the cost of fuel burnt. In effect, this created a perverse incentive for scheme participants to generate excessive heat to increase their financial support.
3. Uptake on the scheme was initially slow and the RHI scheme was under-budget in its early years. However, by the middle of 2015, the opportunity to profit through the scheme had become more widely known and applications increased significantly. Legislative changes, to add a form of cost control to the scheme through tiering, were introduced in September 2015 but only took effect in November 2015, causing a surge of applications in the interim.
4. The Comptroller and Auditor General (C&AG) qualified his opinion on DfE's 2015-16 accounts. He estimated that the flaws in the scheme would have a potential impact on the Northern Ireland block grant of approximately £140 million over the next five years. He also identified the likelihood of significant scheme overspends for many years as applicants were to receive returns for 20 years.
5. In January 2017, the Independent Public Inquiry into the Non-Domestic Renewable Heat Incentive (RHI) Scheme (the RHI Inquiry) was established. The purpose of the RHI Inquiry was to investigate and report on the RHI scheme and make observations as considered appropriate. In March 2020, the RHI Inquiry published '*The Report of the Independent Public Inquiry into the Non-Domestic Renewable Heat Incentive (RHI) Scheme*' (the Report) which contained 314 findings and 44 recommendations. All findings and recommendations were accepted by the NI Executive.
6. As recommended by the RHI Inquiry, this report provides an update on the non-domestic RHI scheme and tracks progress by the Northern Ireland (NI) Executive and NI Civil Service (NICS) in implementing the recommendations from the RHI Inquiry up to September 2021. The NICS has continued to progress reform work in the period since September 2021 and this work, as well as any future work on reform, will be considered in future iterations of this report.

¹ In May 2016, under the Departments Act (Northern Ireland) 2016, the Department of Enterprise, Trade and Investment merged with the Department of Employment and Learning to form the Department for the Economy.

Update on the RHI scheme

7. Steps were taken to control the cost of the RHI scheme prior to the work of the RHI Inquiry, with the introduction of tiering and caps on support for applicants accredited after 18 November 2015. The RHI scheme was closed to new applicants in February 2016.
8. Cost controls for scheme participants accredited before 18 November 2015 were not introduced until 2017, when the tariff payable for heat generated for 1,314 hours (equivalent to 15 per cent of total hours in a year) was reduced. More recently, payments were capped at the 1,314 hour threshold and the tariff payable was more sharply reduced.
9. These changes have significantly reduced the cost of the RHI scheme. In 2020-21 the scheme reported an underspend of £26 million, which will be returned to HM Treasury. Four years earlier, in 2016-17, the overspend position for the scheme was £27 million, which was funded by the NI Executive.
10. Although heat produced fluctuates within any given year, to account for seasonal demand, the introduction of tariffs and caps on funding has resulted in a significant reduction in the output of renewable heat generated by scheme participants. For example, the average monthly eligible heat output in kilowatt hours (kWh) for the three months ending March 2017 was 100,080 kWh, compared to 64,246 kWh for the three months ending March 2021.
11. In February 2021, a consultation was launched to gauge opinion on the future of the RHI scheme. The Executive's preferred option, presented in the consultation document, was to close the scheme and provide compensation to legitimate participants. No final decision on the future of the Scheme has yet been reached by the Executive.

Update on the RHI disciplinary process and governance at the Department for the Economy

12. The Department of Finance (DoF) established an external, independent panel to consider whether or not there was a need to invoke the disciplinary process in relation to civil servants based on the contents of the RHI Inquiry Report. This external panel commented on fourteen individuals, recommending disciplinary charges should be considered at misconduct level for eleven individuals, and that no action should be taken in relation to three individuals. In regard to the eleven individuals, an internal NICS panel and a UK Government Cabinet Office panel concluded that charges of gross misconduct should be considered for six individuals and misconduct for four individuals; the internal panel further determined that the disciplinary process action should not be invoked in relation to one individual. At the point of four cases having been heard by the NICS panel legal action was launched which stayed the process. At that stage four cases had been heard. Ultimately, one individual received a written warning for
-

Executive Summary

misconduct; three cases were concluded on the basis of no evidence to support the allegations; three cases on the basis of no further action; two cases on no case to answer; and one case was closed as the individual was no longer employed by the NICS.

13. DfE was subject to much criticism during the course of the RHI Inquiry and in the Report. Whilst the recommendations within the Report primarily concerned government or the civil service as a whole, rather than individual departments, we contacted DfE and requested an overview of the changes and improvements made in governance at the Department since the RHI Inquiry commenced. Details of information provided to us by DfE in relation to improvements introduced are set out in **Part Two** of this report.

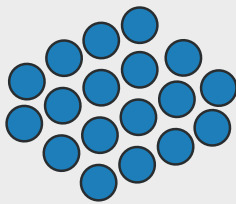
Progress with the implementation of the RHI Inquiry's recommendations

14. Following publication of the Report, the NI Executive established a dedicated Sub-committee on Reform Following the RHI Inquiry (the Executive Sub-Committee) to oversee the response by government to the RHI Inquiry's findings and recommendations. The Executive Sub-Committee is principally assisted in this task by DoF.
15. Following the first meeting of the Executive Sub-committee in July 2020, a commitment was made to produce an action plan in response to the RHI Inquiry by the autumn of 2020. This commitment, and a later revised commitment to publish an action plan by Christmas 2020, lapsed. The '*Executive Response to the RHI Inquiry Report Recommendations and Action Plan*' was finally published in October 2021.
16. Work to address the findings emerging from RHI and during the course of the RHI Inquiry's hearings commenced before the return of the NI Executive in January 2020 and before publication of the Report in March 2020. This work has centred around seven themes:
- ministers and special advisers;
 - professional skills;
 - resourcing and people;
 - collaboration and communication;
 - governance and financial controls;
 - record keeping; and
 - raising concerns.
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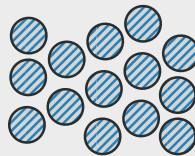
17. Of the 44 recommendations made by the RHI Inquiry in the Report, 42 have been allocated by DoF to one of the seven themes. The remaining two recommendations are the responsibility of the NI Assembly and the Northern Ireland Audit Office (NIAO).
18. We have reviewed the actions taken to date against each of these recommendations, or discrete elements of these recommendations where appropriate, and based on the actions taken to date or the planned future actions we have assessed whether a recommendation is implemented, likely to be implemented or not likely to be implemented. The results of this assessment are summarised below.

Just over three quarters of the recommendations made have either been implemented or are likely to be implemented

18 implemented



14 likely to be implemented



10 where planned actions are not likely to address the recommendation



THEME	NUMBER OF RECOMMENDATIONS	
Ministers and Special Advisors	10	●●●●●●●●●●
Professional skills	10	●●●●●●●●●●
Governance and financial controls ¹	10	●●●●●●●●●●
Resourcing and people	4	●●●●
Raising concerns ¹	4	●●●●
Record keeping	3	●●●
Collaboration and communication	2	●●

NOTE

¹ Recommendation 32 has been split by DoF into two distinct elements, each addressing a separate theme. As one element is currently assessed as Not currently likely to be implemented, the recommendation as a whole is assessed as such and not double counted for totalling purposes.

Executive Summary

Conclusion

19. Two years on from the publication of the RHI Inquiry Report, progress in addressing the recommendations has been disappointing in areas. Only 18 of the recommendations can be categorised as implemented and in some themes there has been minimal progress. We concluded that actions planned in response to 10 recommendations were unlikely to address the concerns of the Inquiry in full. The remaining 14 recommendations relate to areas where planned action will take some time to embed but will, in our view, eventually address the Inquiry concerns. More detail on individual recommendations is set out in **Part Three** of this report. Full details of actions proposed across the NICS is provided in the separate **Annex illustrating progress against individual RHI Report recommendations** attached to this report.
20. In response to the actions taken by the NICS and to ensure that effective procedures are embedded we have raised three recommendations:

Recommendation 1 (paragraph 3.7)

We recommend that the Group Internal Audit and Fraud Investigation Service (GIAFIS) within the NICS monitor compliance with requirements for the DoF to maintain and publish registers of declared interests, lobbying and meetings as appropriate.

Recommendation 2 (paragraph 3.13)

We recommend that attendance at departmental inductions and developmental training for Ministers and Special Advisers should be regarded as compulsory within a reasonable timeframe of assuming their position, as circumstances permit. Departments should take all possible steps to encourage attendance by their minister.

Recommendation 3 (paragraph 3.53)

We recommend that GIAFIS monitor compliance with standards and processes for record keeping across all departments on an ongoing basis, particularly where matters should be documented for complex or major decisions.

21. Given the limited progress to date, we intend to continue monitoring the work of the Executive Sub-committee and relevant developments across the NICS.
-

Part One: Introduction and Background

The Northern Ireland Non-Domestic Renewable Heat Incentive Scheme was introduced in November 2012 to encourage businesses to switch from conventional to renewable heat sources

- 1.1 DfE² is responsible for implementing appropriate policies to support the development of renewable heat technologies. In November 2012, DfE introduced the Northern Ireland Non-Domestic Renewable Heat Incentive Scheme (the RHI scheme) which offered long term, public sector, financial support³ to commercial, public or industrial premises switching from conventional to renewable heating technologies, such as biomass fuelled boilers.
- 1.2 Payments through the scheme were set out in a tariff system which remunerated successful applicants on the basis of pence per kilowatt hour of heat generated. Individual payments covered capital and operating costs over the lifetime of the technology and varied depending on the heating technology adopted and the output generated. Participation in the RHI scheme was to last for a period of 20 years from the initial date of an installation's accreditation. The RHI scheme was based on the GB Renewable Heat Incentive Scheme but operated with different tariff rates and crucially the absence of cost controls such as a tiered tariff structure.

The scheme inadvertently incentivised businesses to burn more because the tariffs offered were higher than the cost of producing the heat

- 1.3 In early 2015, it became apparent that the tariff support for small and medium scale biomass was set at a level higher than the actual cost of producing the heat and, as a result, businesses were incentivised to attract additional financial support by producing more heat than they needed. As a consequence of this incentive, it transpired that the cost of the RHI scheme would exceed the available budget for 2015-16 and future years.
- 1.4 To address the impact of this, DfE amended conditions for **new** applicants (after 18 November 2015) by introducing a tiered tariff structure and setting a heat generation limit for small and medium biomass installations, which account for 98 per cent of accredited installations. However, application numbers spiked prior to the introduction of the new tariff structure and additional pressure was placed on the budget. The RHI scheme was suspended to new applicants on 29 February 2016.

Legislative changes to the RHI scheme's tariffs, which limited payments, are potentially subject to legal action

- 1.5 Even with suspension of the RHI scheme to new applicants, payments due were set to breach available budgets. To address this, DfE introduced the Renewable Heat Incentive Scheme (Amendment) Regulations 2017 which extended the tiered tariff and cap to all small and medium biomass installations. In the absence of devolved government, the UK Parliament extended the 2017 tariff structure for a further 12 months through the Northern Ireland (Regional

² In May 2016, under the Departments Act (Northern Ireland) 2016, the Department of Enterprise, Trade and Investment merged with the Department of Employment and Learning to form the Department for the Economy.

³ The Scheme was to contribute to the 2009 Renewable Energy Directive (2009/28) UK target of increasing the UK share of renewable energy to 15 per cent by 2020 and the NI Executive Programme for Government (PfG) target of achieving 4 per cent of renewable heat by 2015. The PfG target was an interim milestone towards achieving the target of 10 per cent renewable heat by 2020 (as set out in the Executive's Strategic Energy Framework).

Rates and Energy) Act 2018 and then drastically reduced the tariffs under the Northern Ireland (Regional Rates and Energy) Act 2019. Judicial reviews against the 2017 and 2019 legislative changes to the RHI scheme's tariffs have been unsuccessful to date, however, they may be subject to further appeal.

- 1.6 The Northern Ireland (Regional Rates and Energy) Act 2019 also allowed DfE to operate voluntary buy-out (VBO) arrangements during the period while there was no NI Executive. On 14 October 2019, DfE called for applications under the 2019-20 VBO arrangements which were open until November 2019.

Under New Decade, New Approach, the RHI Scheme is expected to be closed. The results of a public consultation will inform the Executive's final decision on the way forward

- 1.7 The NI Executive's publication *New Decade, New Approach*⁴ stated the intention that: "RHI will be closed down and replaced by a scheme that effectively cuts carbon emissions". On 23 March 2020, DfE advised applicants that the 2019-20 VBO arrangements would be halted and no offers were issued. VBO arrangements ceased, in order to ensure equitable treatment of all participants as the options for the future of the scheme were developed.
- 1.8 DfE launched its consultation on the future on the RHI scheme on 11 February 2021. While the NI Executive's preferred option is to close the scheme and provide compensation for legitimate participants, the outcomes of the consultation, which was open until 9 April 2021, will inform the NI Executive's final decision. The consultation document acknowledged that the existing RHI Scheme failed to effectively reduce carbon emissions by incentivising the efficient use of renewable heat whilst providing value for money to the taxpayer.
- 1.9 DfE launched a new energy strategy for Northern Ireland in December 2021. This strategy sets out Northern Ireland's policy to support the achievement of the UK Government's legislative target of net-zero carbon and affordable energy by 2050. Three targets were also set: to deliver energy savings of 25 per cent from buildings and industry by 2030; to meet at least 70 per cent of electricity consumption from a diverse mix of renewable sources by 2030; and to double the size of the low carbon and renewable energy economy in NI to a turnover of more than £2 billion by 2030.

The 2015-16 DfE financial statements were qualified on the basis of two issues relating to the operation of the RHI scheme

- 1.10 The Comptroller and Auditor General (C&AG) for Northern Ireland qualified⁵ his opinion on the DfE 2015-16 financial statements following identification of two issues, both relating to the RHI scheme.

4 The New Decade, New Approach (NDNA) document, published in January 2020 by the UK and Irish Governments, provided the basis for restoration of devolution in Northern Ireland.

5 An auditor expresses a qualified opinion when either misstatements, individually or in the aggregate, are material but not pervasive to the financial statements; or the possible effects on the financial statements of undetected misstatements, arising from an inability to obtain sufficient appropriate audit evidence, could be material but not pervasive.

Part One: Introduction and Background

- 1.11 The first qualification issue related to RHI scheme expenditure of £11.9 million which had not been approved by the DoF⁶. The second qualification issue concerned the absence of robust DfE systems to prevent or detect scheme abuse, which prevented the C&AG from securing sufficient assurance that £30.5 million RHI scheme expenditure had been incurred for the purposes intended.
- 1.12 The C&AG reported that the RHI scheme, estimated to cost £140 million over the following five years, had “serious system weaknesses from the start” and did not “include any viable cost controls”. Key weaknesses identified included the absence of tiered tariff rates, to reduce payments as heat output increased above thresholds, and the requirement for DfE to adhere to agreed tariffs regardless of the level of demand for, or uptake of, the scheme. The combination of these weaknesses created a perverse incentive for successful applicants⁷ to needlessly burn fuel to generate a greater financial return.

The RHI Inquiry was established in January 2017 to investigate, inquire into and report on the failings of the RHI Scheme

- 1.13 The Independent Public Inquiry into the Non-Domestic Renewable Heat Incentive (RHI) Scheme (the RHI Inquiry) was formally established in January 2017⁸. The Chair, a retired Lord Justice of Appeal, was assisted by a former senior civil servant from the Home Civil Service with previous public inquiry experience and an energy industry and policy expert. The RHI Inquiry team was supported by dedicated expert legal and administrative support teams.
- 1.14 The purpose of the RHI Inquiry was:
- “To investigate, inquire into and report on the Non-Domestic Renewable Heat Incentive Scheme (“the RHI scheme”). This will include its design, governance, implementation and operation, and efforts to control the costs of that scheme, from its inception in 2011 to the conclusion of the Inquiry”; and
 - “To make findings of fact, report on these matters and to make such other observations and recommendations as the Inquiry considers appropriate.”

The RHI Inquiry commenced its work in early 2017 and reported its findings in March 2020

- 1.15 The RHI Inquiry commenced its work on 1 February 2017. Evidence was gathered from written witness statements, oral evidence hearings and documents obtained following issue of over 800 statutory ‘Section 21 Notices’⁹ to individuals and organisations.

6 Under the Departments Act (Northern Ireland) 2016, the Department of Finance and Personnel was renamed the Department of Finance.

7 This related to 100 kilowatt (kW) biomass boilers and arose because the tariff available from DfE exceeded the cost of the biomass fuel.

8 The RHI Inquiry was established under the Inquiries Act 2005 (Section 1).

9 Under Section 21 of the Inquiries Act 2005, the chairman of an inquiry may, by notice, require a person to attend to give evidence or to produce documents or anything else in his custody relevant to a matter in question at the inquiry.

- 1.16 The RHI Inquiry's oral evidence sessions ended on 26 October 2018 and closing submissions were completed on 14 December 2018. Witness statements continued to be received for several months during 2019. The RHI Inquiry Report (the Report) was published on 13 March 2020. Following publication of the Report, the RHI Inquiry closed its offices on 30 June 2020.
- 1.17 The Report concluded that the "vast majority of what went wrong was due to an accumulation and compounding of errors and omissions over time and a failure of attention, on the part of all those involved in their differing roles, to identify the existence, significance or implications of those errors and omissions."

All of the RHI Inquiry's report findings and recommendations were accepted by the Northern Ireland Executive

- 1.18 The RHI Inquiry's report included 314 findings and made 44 recommendations. On 16 March 2020, the Minister of Finance confirmed that all findings had been accepted by the NI Executive and that it would move immediately to consider how the recommendations could be taken forward.
- 1.19 An Executive Sub-Committee on Reform Following the RHI Inquiry (the Executive Sub-Committee), chaired by the Finance Minister and which included representation from all Northern Ireland political parties, was established¹⁰ to consider the findings of the RHI Inquiry and "to recommend to the Executive any further work to be commissioned to rebuild public confidence". The Executive Sub-Committee was to "produce and publish an action plan by the autumn outlining how the sustained, system-wide change that is needed to rebuild public confidence will be implemented."
- 1.20 The commitment to publish an action plan by the autumn of 2020 lapsed, as did a revised commitment to publish by Christmas of 2020. The NI Executive approved the Executive Response to the RHI Inquiry Report Recommendations and Action Plan (the Executive Response and Action Plan) on 7 October 2021 and the Executive Response and Action Plan was subsequently published on 16 October 2021.

The Northern Ireland Assembly's Chairpersons Liaison Group has included a recommendation from the RHI Inquiry on its forward work programme

- 1.21 The RHI Inquiry Report¹¹ recommended that the Northern Ireland Assembly "should consider what steps are needed to strengthen its scrutiny role, particularly as conducted by Assembly Committees." This recommendation arose in response to the Inquiry's finding that the Northern Ireland Assembly Committee for the Economy¹² had failed to act as an effective check in scrutinising the RHI scheme.

¹⁰ Under the *New Decade, New Approach* agreement.

¹¹ Included in the Report as recommendation 38.

¹² The Northern Ireland Assembly Enterprise, Trade and Investment Committee was renamed the Committee for the Economy following the restructuring of Northern Ireland departments under the Departments Act (Northern Ireland) 2016.

Part One: Introduction and Background

- 1.22 The Chairpersons' Liaison Group (CLG) ¹³has included responding to this recommendation within its forward work programme, with terms of reference for a review on the effectiveness and resourcing of Assembly committee scrutiny agreed in May 2020. The CLG has also received briefs and presentation of research and best practice on the subject of strengthening the scrutiny role of Assembly Committees.
- 1.23 Assessing this work, and any such work performed by the Northern Ireland Assembly to strengthen its scrutiny role, is excluded from the scope of this report and future reports. We will however continue to report progress for information purposes.

This report presents the first update on the implementation of the lessons learned and response to recommendations from the RHI Inquiry's report

- 1.24 The RHI Inquiry's report highlighted that "often, once a public inquiry has completed its work, recommendations that it has made may not be given effect by those whose responsibility it is to do so. There can be a wide variety of reasons for this; some better than others". As a mechanism for avoiding a similar outcome in this case, the C&AG was asked to monitor and, as necessary, pursue the effective implementation of this Inquiry's recommendations and report its findings to the Northern Ireland Assembly and the people of Northern Ireland.
- 1.25 In line with that recommendation, this first update report assesses and validates "the extent of progress in implementing the lessons learned from the NI RHI scheme and implementing these recommendations".

Reform and transformation of culture and practice has been a key focus for both the NICS and the NIAO in recent years

- 1.26 The RHI Inquiry cast a spotlight on cultural and procedural failings within the NICS. Cultural issues identified included failings in the key areas of risk management and governance, which are particularly important when designing and operating novel and complex schemes, such as RHI.
- 1.27 Work on reform and transformation has been a key civil service focus for several years now, and in turn we have performed several pieces of work on this subject which deal with specific issues raised by the Inquiry:
- I. *Records matter: a view from regulation and oversight bodies on the importance of good record keeping* (January 2020)
 - II. *Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector* (June 2020)
 - III. *Capacity and Capability in the Northern Ireland Civil Service* (November 2020)

13 The Chairpersons' Liaison Group is made up of the Chairpersons of all Statutory and Standing Committees within the Northern Ireland Assembly. It fulfils a strategic and practical liaison role, helping to develop common approaches to common problems and promoting good practice across Committees.

1.28 We also intend to publish a good practice guide on Developing Policy in our future work programme.

We have considered the actions taken to date and further proposed actions, and assessed whether these are sufficient to fully implement the recommendations of the RHI Inquiry

1.29 The purpose of this report is to consider whether the actions taken to date by the NI Executive and NICS, and any further proposed actions, are likely to be sufficient to address the recommendations raised by the RHI Inquiry:

- **Part Two** presents an update on the RHI scheme itself, including heat output and the financial position of the scheme, as well as governance changes at the responsible department, the Department for the Economy.
- **Part Three** considers the actions taken to date by the NI Executive and the NICS against the recommendations from the RHI Inquiry, as well as considering the potential impact of actions proposed to be taken in the future.

1.30 We have considered progress achieved by the end of September 2021. Due to the long-term nature of many of the actions, it was not possible, at this stage, to offer a definitive view on their effectiveness. We will only have full confidence in the measures taken over a period of time when it becomes clearer that similar issues do not continue to arise in either new energy schemes or other parts of the public service. We will revisit this in future reports. We acknowledge also that the NICS has continued to make improvements in the interim period between this report's launch and the end of September 2021 when we have assessed progress, and will assess the impact of such improvements in any future report on this topic.

1.31 Our review used a range of investigative and research methods. Our audit methodology is set out in **Appendix One**.

Part Two: RHI scheme developments since 2017

Since April 2017, both DfE and the UK Government have introduced various tariff reductions for medium biomass boilers to reduce future expenditure through the RHI scheme

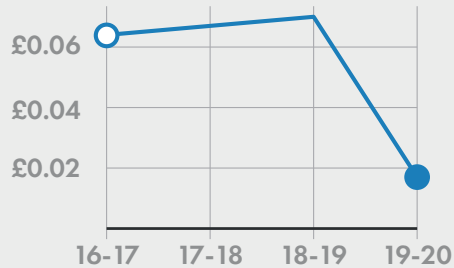
- 2.1 While the 2012 NI RHI scheme was based on the 2011 GB Renewable Heat Incentive Scheme, the inclusion of different tariff rates based on incorrect assumptions and the absence of cost control measures such as a tiered tariff structure for NI applicants proved to be critically flawed.
- 2.2 In combination, the flaws in the RHI scheme inadvertently created a financial incentive for scheme participants to produce more heat than they required. This, coupled with the popularity of scheme, had serious budgetary consequences, overcompensated participants and, most significantly, undermined the environmental objectives of the scheme.
- 2.3 Budgetary overspends in the three years to 2017-18¹⁴ amounted to almost £34 million. In an attempt to reduce the level of recurring overspends, the Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2015 were enacted to introduce tariff tiering and set an annual cap on the level of heat generated by small and medium biomass installations accredited after 18 November 2015. However, those installations accredited **before** 18 November 2015 continued to receive tariffs without tiering and without a cap, creating further pressure on public expenditure within Northern Ireland.
- 2.4 The Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2016 gave DfE the power to suspend the scheme to new applicants. This step was taken on 29 February 2016.
- 2.5 Since 1 April 2017, further tariff reductions have been enacted. **Figure 2.1** sets out the tariff rates payable for a typical 99 kilowatt (kW) boiler accredited onto the scheme before 18 November 2015.

14 Annual overspends were as follows: 2015-16 - £4.7 million; 2016-17 - £26.9 million; 2017-18 - £2.2 million.

- 2.6 In addition, the introduction of a tier system (effective from 1 April 2017) reduced the tariff payable to owners generating heat for 1,314 hours or more (which is 15 per cent of total hours in a standard year of 8,760). For heat generated in excess of 1,314 hours, no tariff is paid to the owner.

Figure 2.1 Tariffs have reduced over the life of the scheme for those accredited onto the scheme prior to 18 November 2015

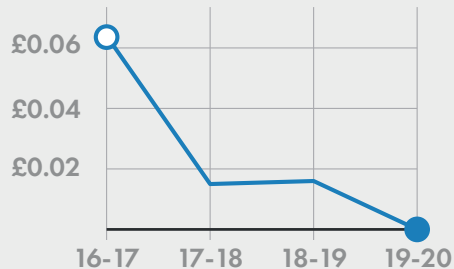
AMOUNT PAID PER kWh UP TO 1,314 kWh



In 2016-17 the tariff payable was 6.5p/kWh, which was subject to annual inflationary uplifts in the following two years, increasing to 7p/kWh in 2018-19.

A significant reduction was then applied in 2019-20 to 1.7p/kWh which remains the current rate.

AMOUNT PAID PER kWh ABOVE 1,314 kWh



In 2016-17 there was no difference in the tariff payable for outputs beyond 1,314 kWh/hour: 6.5p/kWh.

In 2017-18 a lower tariff was applied (1.6p/kWh rising to 1.7p/kWh in 2018-19) and a maximum output of 400,000 kWh introduced.

In 2019-20 the tariff payable for any outputs above 1,314 kWh was reduced to zero.

Source: Department for the Economy

Part Two: RHI scheme developments since 2017

- 2.7 As a result of the reduced tariffs and heat output, expenditure through the RHI scheme as a whole (including the domestic RHI scheme) significantly reduced (see **Figure 2.2**). All budget underspends must be returned to HM Treasury.

Figure 2.2 Expenditure incurred on the RHI scheme has fallen significantly
In the last two years there have been significant underspends which have to be returned to HMT

	ANNUAL COSTS (£ MILLION)			ANNUAL FUNDING (£ MILLION)			ANNUAL UNDERSPEND
	NON DOMESTIC RHI SCHEME	DOMESTIC RHI SCHEME	TOTAL	NI SHARE OF UK RHI BUDGET	NI EXECUTIVE	TOTAL	
2016-17	42.3	2.9	45.2	18.3	26.9	45.2	0
2017-18	21.7	2.8	24.5	22.3	2.2	24.5	0
2018-19	21.1	2.7	23.8	25.7	0	25.7	-1.9
2019-20	3.8	2.9	6.7	28.9	0	28.9	-22.2
2020-21	2.9	4.4	7.2	33.5	0	33.5	-26.2

NOTE

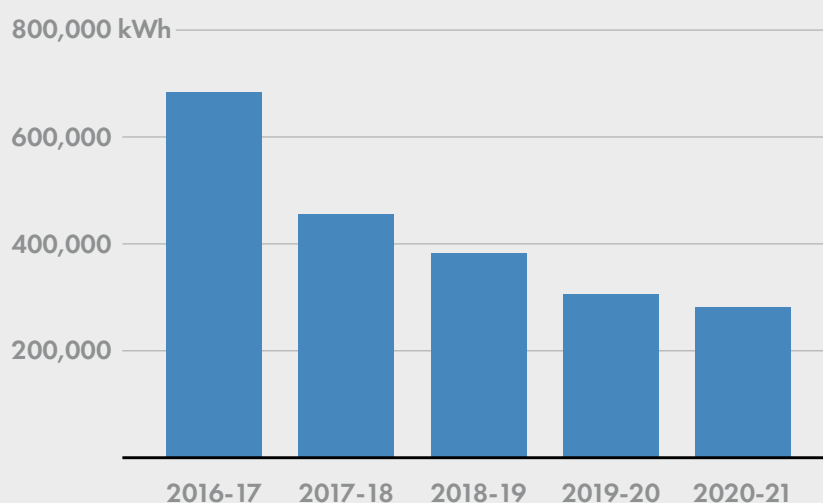
Columns and rows may not total correctly due to roundings

Source: Department for the Economy

- 2.8 The introduction of the reduced and tiered tariffs on 1 April 2017, alongside caps on usage, has reduced heat outputs, as shown in the below graph which demonstrates the total annual energy output under the scheme (see **Figure 2.3**).

Figure 2.3 Annual energy outputs have fallen significantly since 2016-17

TOTAL ENERGY OUTPUT PER FINANCIAL YEAR



Source: Department for the Economy

- 2.9 In February 2021, DfE launched a consultation which ran until April 2021 to gauge opinion on the future of the RHI scheme. Whilst the outcomes are not yet known, the consultation identified four options (see **Figure 2.4**):

Figure 2.4 Options identified by the Department for the Economy for the future of the RHI scheme

DfE CONSULTATION OPTION	DESCRIPTION
Option 1	Scheme remains operational for current participants with present tariffs for all technologies (status quo).
Option 2	Scheme remains operational for current participants with all tariffs subject to review and adjustments as necessary.
Option 3	Scheme closure with no further payments made to participants.
Option 4	Scheme closure with compensation paid to legitimate current participants.

Source: Department for the Economy

- 2.10 The NI Executive's preferred option was "scheme closure with compensation paid to legitimate current participants". The indicative compensation payments for the operators of medium biomass boilers of 80-99 kW ranged from £33,000 to £35,500, dependent on the year the boiler was accredited for the scheme and whether any monies were owed in relation to compliance issues identified during inspection. The estimated cost of closure of the scheme under option four was £68.4 million. At this stage, no final decision on the future of the Scheme has been made by the Executive.

Disciplinary proceedings were instigated against a number of civil servants involved with the RHI scheme, with an independent panel established to consider potential disciplinary charges

- 2.11 An adapted disciplinary process was agreed by non-conflicted members¹⁵ of the NICS Board¹⁶ in November 2019. An independent panel was established by DoF in March 2020 to consider the RHI Inquiry's report and identify any potential disciplinary charges. This panel was external to the NICS and was composed of three experienced former senior civil servants from across the UK and Ireland. The purpose of the external panel was to identify potential disciplinary charges for consideration by an internal NICS panel of three non-conflicted Permanent Secretaries, or a separate UK Government Cabinet Office panel where potential charges were identified for NICS staff above Grade 3.

15 The two conflicted members included the Head of the Civil Service and another permanent secretary.

16 The NICS Board comprises the departmental Permanent Secretaries and is chaired by the Head of the Civil Service.

Part Two:

RHI scheme developments since 2017

- 2.12 The external panel was asked to consider the contents of the RHI Inquiry Report and determine if in its view there had been potential breaches of NICS standards of conduct. The external panel commented on fourteen individuals, recommending disciplinary charges should be considered at misconduct level for eleven individuals, and that no action should be taken in relation to three individuals. In regard to the eleven individuals, an internal NICS panel and a UK Government Cabinet Office panel concluded that charges of gross misconduct should be considered for six individuals and misconduct for four individuals; the internal panel further determined that the disciplinary process should not be invoked against one individual.
- 2.13 In May 2020, the NICS internal panel held disciplinary proceedings in relation to four individuals, with a written warning of misconduct issued to one individual and misconduct charges were not upheld in the other three cases as there was no evidence to support the allegations. A judicial review was initiated against in June 2020, with the six remaining cases stayed.
- 2.14 The Cabinet Office stood down its disciplinary panel (which had been due to consider two cases) in December 2020 and the former Treasury Solicitor and Head of the Government Legal Department (and, in that capacity, adviser to the Cabinet Secretary) was engaged by the Cabinet Office to undertake a fact finding review of the evidence relating to the conduct of two civil servants, prior to the Cabinet Secretary holding the disciplinary hearings for the two cases which the NICS had referred to the Cabinet Office. Disciplinary hearings took place in January 2021 and the Cabinet Secretary concluded that, in each instance, there was no case to answer.
- 2.15 In January 2021, the legal action was resolved and the NICS internal panel offered three of the four remaining individuals the choice of going through the same adapted process as the four other NICS cases considered to date (see **2.13**) or the disciplinary process as established in the NICS handbook. Each chose the handbook process and, following a preliminary enquiry, there was a determination of no further action in each case. The fourth remaining case was closed as the individual concerned was no longer employed by the NICS.
- 2.16 In our view, the gravity of the issues that were discussed on an almost daily basis during the RHI Inquiry would have led most people to believe that significant disciplinary consequences would have arisen from it and in that context the outcome seems surprising in that only one individual has received a written warning for misconduct. However, we are satisfied that the disciplinary process appears to have been followed properly. It is important that this experience is closely considered to identify any lessons that can be learned and built into the full and ongoing review of NICS disciplinary process initiated by the Minister for Finance.
-

DfE has introduced improvements in its governance and oversight arrangements

- 2.17 The RHI Inquiry recommendations generally apply to the NICS as a whole, rather than DfE specifically. Nevertheless, the findings of the RHI Inquiry's report specifically noted DfE failings. We engaged with DfE to understand the improvements made in areas of particular concern identified by the Inquiry, such as governance and risk management.
- 2.18 Following discovery of the RHI problems, DfE created a new Corporate Governance Division and developed a new Governance Strategy. The Corporate Governance Division, created in anticipation of the RHI Inquiry's report, is responsible for corporate governance functions and considers how the Department manages commercial relationships (including grant schemes). DfE told us that its Board has endorsed the new Governance Strategy which makes recommendations on DfE's culture, learning and development and leadership. Implementation of the Governance Strategy is being taken forward as part of the Organisational Transformation Programme referenced (see **2.24**), and by Corporate Governance Division itself.
- 2.19 The DfE Casework Committee is an important aspect of the Department's governance structure, designed to scrutinise significant expenditure proposals. The Committee attracted significant criticism from the Inquiry Team in relation to its consideration of the RHI business case. Specific criticisms included:
- the lack of separation between advisory and challenge functions and, as a result, a lack of independent scrutiny;
 - the significant errors, omissions and inconsistencies in the Business Case Addendum;
 - the presentation of misinformation where one attendee suggested that a decision had been taken at ministerial level to prioritise the domestic scheme over the introduction/deferral of cost controls; and
 - the five month delay in signing off the minutes of the meeting which the Inquiry Team found unacceptable and "clearly a practice that was not consistent with either efficient administration or the production of an accurate contemporary record of the meeting".
- 2.20 In July 2018, given the emerging problems with the RHI scheme, DfE's Internal Audit made twelve recommendations to improve the functioning of the Casework Committee.
-

Part Two: RHI scheme developments since 2017

- 2.21 Key changes made in response to these recommendations raised by Internal Audit include:
- clarifying the role of the Casework Committee to “deliver better value for money for the taxpayer by challenging expenditure proposals on the grounds of deliverability, affordability and value for money”; and
 - an explicit requirement for the senior Grade 3 official submitting the expenditure proposal to highlight complexities within the proposal which may require the Casework Committee to engage specialist skills or expertise to support their assessment.
- 2.22 A follow-up review by Internal Audit in September 2021 was satisfied that sufficient progress had been made in implementing the recommendations raised in July 2018, with only a single minor recommendation not implemented or partially implemented.
- 2.23 Furthermore, economists are now prohibited from being involved in both the spend proposal and providing advice to the Casework Committee, and DfE’s Finance Division is also required to make a formal assessment of affordability. Several other minor improvements were also introduced following a further DfE review of the Casework Committee in April 2019.
- 2.24 DfE has also set up and launched an Organisational Development and Transformation Programme (ODT), which is the vehicle through which DfE intends to drive cultural change. The ODT Programme is taking forward DfE’s response to a number of the RHI Inquiry’s recommendations and findings and will be advanced under three pillars: Policy, People and Systems.
- 2.25 The improvements in governance structures at DfE noted above are welcomed. It is however critical that these are supported by an appropriate corporate culture grounded in the Nolan Principles and the highest standards in public life, underpinned by transparency.
- 2.26 Since the issues associated with RHI emerged, the NIAO has continued to observe a culture at DfE where on some occasions issues have not been shared with us. We have identified matters and reported on some separately, which have included:
- Non-disclosure of issues relating to the payment of Covid grants to wind turbines;
 - Failure to get required approvals from DoF in an area of expenditure; and
 - Retention of information which would have been relevant to one of our public reports.
- 2.27 We are therefore concerned at what can sometimes appear to be a closed and defensive approach to engagement on audit matters. This leads us to conclude that the culture within the Department has not yet changed sufficiently and we would urge continued improvement, especially in relation to openness.
-

Changes have been made in DfE's risk management processes

- 2.28 A new Corporate Governance Division now offers a risk management 'health check' to all business areas across DfE and to its Arms-Length Bodies (ALBs) on request. Guidance has been developed and issued to staff on when to escalate identified risks, including the introduction of escalation 'trigger points'. All risks rated as 'Extreme' are now formally considered for escalation to the Corporate Risk Register which is subject to the Departmental Board's attention. DfE has also introduced a web-based risk management database which centralises all the Department's risks and provides a more effective risk management tool, with a visual dashboard and automated alert and tracking functions.
- 2.29 DfE's Risk Management Framework was also reviewed in August 2020 to align it more closely with the revised HM Treasury Orange Book on the Management of Risk, formalising the process of reviewing Divisional risk registers and providing additional guidance on risk identification, assessment and treatment. Work is also ongoing to improve risk assessments concerning ALBs, and Partnership Agreements are being developed which will clarify engagement and information sharing expectations between DfE and each ALB with a phased introduction expected from April 2022. These Partnership Agreements are aligned to the principle of proportionate autonomy which will essentially increase the autonomy in well-performing and well-managed ALBs, while ensuring the Department exercises greater oversight over higher-risk ALBs.
- 2.30 DfE has told us that it is also undertaking improvement in commercial policy and skills development in line with its own strategic governance and capability plan. A Commercial Management Framework has been developed and implemented to support the design, commissioning, procurement, management and evaluation of all DfE spending arrangements. A Framework checklist is also in development to signpost individual roles and responsibilities at every stage of the commercial lifecycle. Further developments include a Commercial Induction Policy to ensure all new staff and job changers are aware of and understand their respective roles and responsibilities, including expert mentoring to support the practical acquisition of commercial knowledge and skills. DfE has also introduced a mandatory commercial development policy for all staff with a commercial role or responsibility, accredited development resources provided by Cabinet Office's Government Commercial College and aligned to their People Standards for the Profession. DfE is also in the process of implementing a new digital governance system through DoF's Enterprise Shared Services to improve transparency and both corporate and operational oversight of all DfE spending arrangements.
- 2.31 A dedicated Fraud and Raising Concerns branch has been established within the Corporate Governance Division to investigate concerns raised both internally and externally, and the branch has begun a series of reviews of the procedures and advice on undertaking fraud risk assessments within DfE. The head of this branch has experience investigating fraud and whistleblowing concerns. DfE has also given prominence on its website to its Raising Concerns guidance and how concerns can be raised by staff and members of the public.¹⁷

17 <https://www.economy-ni.gov.uk/raising-concerns-whistleblowing-guidance>

Part Three:

Assessment of progress with implementing the RHI Inquiry's recommendations

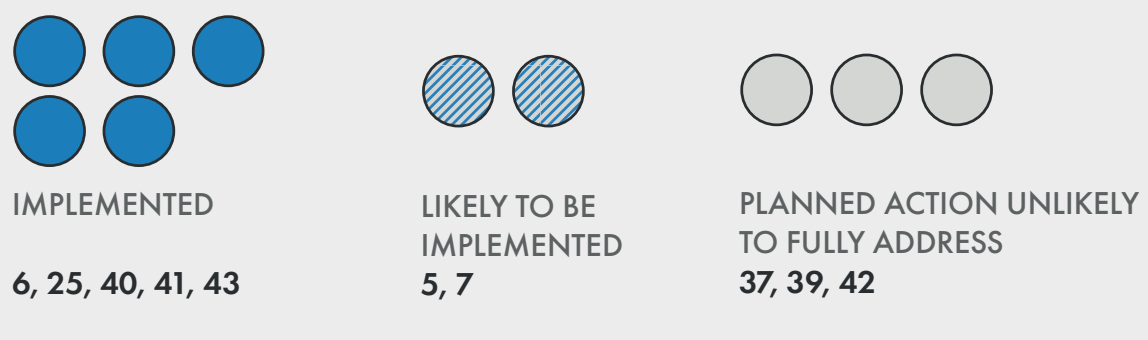
The Executive Sub-committee on Reform Following the RHI Inquiry, supported by the NI Civil Service, has taken ownership of responding to the majority of the RHI Inquiry's findings and recommendations

- 3.1 The 44 recommendations made by the RHI Inquiry address many different areas (see **Appendix Two**). To assist in responding to these recommendations, DoF categorised 42 of the recommendations into 7 thematic groupings. Of the two remaining recommendations, one relates to the Northern Ireland Assembly and one to the NIAO. The thematic groupings are:
- ministers and special advisers;
 - professional skills;
 - resourcing and people;
 - collaboration and communication;
 - governance and financial controls;
 - record keeping; and
 - raising concerns.
- 3.2 The NICS began considering how to respond to the RHI Inquiry during the course of the Inquiry's work and in advance of publication of the final report. The above thematic groupings and many of the planned actions were identified in a draft lessons learned action plan developed during 2017 and 2018.
- 3.3 In this section of our report, we have assessed the progress made in addressing the Inquiry's recommendations. By September 2021, we concluded that 18 recommendations had been fully implemented. A further 14 are likely to be implemented over time. In our view, the actions taken to date and further actions proposed to address the remaining 10 recommendations, whilst welcome, are not likely to be sufficient to address the concerns of the RHI Inquiry.
-

Considerable progress has been made to address recommendations relating to Ministers and Special Advisers

- 3.4 The Executive Sub-Committee's action plan notes ten recommendations made by the RHI Inquiry team under the grouping Ministers and Special Advisers (see **Figure 3.1**). These recommendations can be found in full in the **Annex illustrating progress against individual RHI Report recommendations**.

Figure 3.1 There were ten recommendations made within the Ministers and Special Advisers theme



- 3.5 In our view, action has been taken to fully address five of these recommendations. Revised codes concerning the appointment of Special Advisers pre-empted the Inquiry's report and were issued in January 2020. The revised Special Adviser Code of Conduct, which was further revised in October 2021, clarifies that Special Advisers serve the Executive as a whole and not just their own Minister, and strengthens the record keeping requirements for Special Advisers to ensure all records are retained within official systems. In addition, departments are now required to publish the details of Special Advisers' meetings with external organisations each quarter, with these reports available on the Open Data NI portal¹⁸.
- 3.6 The Functioning of Government (Miscellaneous Provisions) Act, which received Royal Assent in March 2021, requires Ministers and Special Advisers to inform their department if they are lobbied, with the relevant department required to keep a record of this. In addition, under the Act, DoF is required to maintain and publish a register of interests for Ministers and Special Advisers, which includes gifts and hospitality. These reports are also available on the Open Data NI portal. Ministers and Special Advisers have 28 days from appointment, or from a change in registrable interests, to inform DoF of registrable interests for themselves, their spouses, partners and close family members.

¹⁸ <https://www.opendatani.gov.uk/dataset/special-adviser-meetings-with-external-organisations-individuals-january-to-june-2020>

Part Three:

Assessment of progress with implementing the RHI Inquiry's recommendations

Recommendation 1

- 3.7 **We recommend that the Group Internal Audit and Fraud Investigation Service (GIAFIS) within the NICS monitor compliance with requirements for the DoF to maintain and publish registers of declared interests, lobbying and meetings as appropriate.**
- 3.8 The Functioning of Government (Miscellaneous Provisions) Act has also sharpened focus on recording keeping and information management, requiring in law that NICS departments have arrangements to ensure that records of relevant meetings between Ministers, Special Advisers, civil servants and third parties are made and retained. The Act also creates a specific criminal offence for Ministers and Special Advisers who disclose official information to third parties for improper benefit, with public interest or reasonable behaviour clauses. The revised NICS Code of Ethics¹⁹ also reinforces the requirement to keep accurate official records, and practical considerations are aided by the Records Management Protocol for Special Advisers guidance.
- 3.9 In March 2020, a revised Ministerial Code of Conduct was produced together with new guidance for Ministers on their role and responsibilities, and this revised Ministerial Code of Conduct was enacted in legislation with the passage of the Northern Ireland (Ministers, Elections and Petitions of Concern) Act through the UK Parliament and receiving Royal Assent in February 2022. The revised Ministerial Code of Conduct enhances the requirements of Ministers regarding conflicts of interests, requiring them to ensure no conflicts of interest, and no perceptions of a conflict of interest, arise whereas previously Ministers merely had to declare their interests. The revised Ministerial Code also confirms Ministers responsibility for the management, conduct and discipline of their Special Advisers.
- 3.10 The RHI Inquiry (recommendation 43 – included in full in the **Annex illustrating progress against individual RHI Report recommendations**) recommended that the Northern Ireland Executive and Assembly ought to “give due consideration to an independent mechanism to assess compliance with codes of conduct in public life as they apply to Ministers and Special Advisers”. Under the Functioning of Government (Miscellaneous Provisions) Act, the remit of the Assembly Commissioner for Standards has also been extended to investigate and report on genuine complaints concerning potential breaches of the Ministerial Code. Furthermore, the Bill legislates that Special Advisers are subject to the disciplinary policies and procedures of the NICS, without ministerial interference.
- 3.11 A Panel for Ministerial Standards was proposed in March 2020 by the Executive as an independent mechanism to assess compliance with the Ministerial Code. The function of the Panel for Ministerial Standards is to investigate complaints of breaches of the Ministerial Code and report findings, including comment on the seriousness of any breach. The Panel has no reprimanding powers and its reports will not include suggested sanctions. Commissioners to the Panel are yet to be appointed, except for the implied appointment to the standing position on the Panel for the Assembly Commissioner for Standards acting ex officio.

¹⁹ The NICS Code of Ethics applies to Special Advisers (who are employed as temporary civil servants) except for the requirements to be appointed on merit and to behave with political impartiality and objectivity, and a revised version of the Code of Ethics was issued in February 2022.

- 3.12 As a routine matter, Ministers receive departmental inductions and briefings upon taking up their role and we understand that the Institute of Government is expected to deliver further development training for Ministers and Special Advisers when possible. The effectiveness of such support and training will need to be reinforced on an ongoing basis for new incoming Ministers. We also note that new guidance for supporting Private Offices was issued in July 2019, and further revised in March 2021 to take into account the Functioning of Government (Miscellaneous Provisions) Act.

Recommendation 2

- 3.13 **We recommend that attendance at departmental inductions and developmental training for Ministers and Special Advisers should be regarded as within a reasonable timeframe of assuming their position, as circumstances permit. Departments should take all possible steps to encourage attendance by their minister.**
- 3.14 **In our view, the combination of actions made to date, together with those planned, will in time be sufficient to address seven of the ten recommendations of the RHI Inquiry in relation to Ministers and Special Advisers. We consider that additional work is required to address the three outstanding recommendations (37, 39 and 42) which relate to reducing organisational silos, ensuring an appropriate evidence base is publicly available to demonstrate that the benefits of legislation presented to the NI Assembly justify any attendant costs, and strengthening the ministerial code of conduct (specifically to include a requirement on ministers to take an active role in questioning and challenging advice they receive).**

Limited progress has been made to date in responding to Professional Skills related recommendations

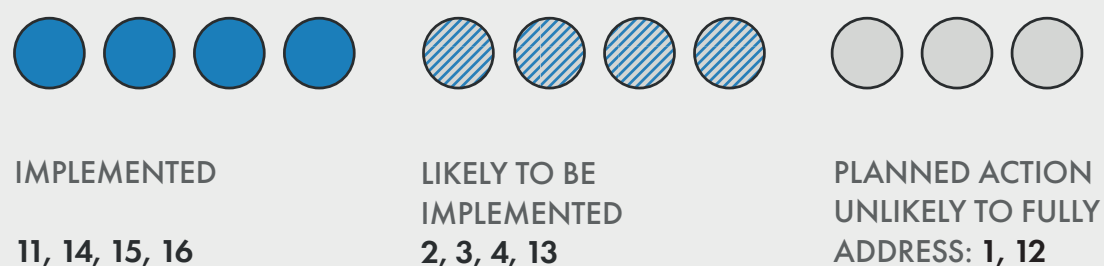
- 3.15 The RHI scheme was a novel, complex and potentially volatile scheme which the RHI Inquiry concluded was a “project too far” for the Northern Ireland Government. Failures by government and the NICS included not appreciating the unique risks of the scheme, failing to incorporate budget control mechanisms when developing the policy and inadequate project management throughout the life of the scheme.

Part Three:

Assessment of progress with implementing the RHI Inquiry's recommendations

- 3.16 The RHI Inquiry made several recommendations relating to Professional Skills (see **Figure 3.2**). These recommendations can be found in full in the **Annex illustrating progress against individual RHI Report recommendations**.

Figure 3.2 There were ten recommendations made within the Professional Skills theme



- 3.17 In November 2020, the NIAO published a report on *Capacity and Capability in the Northern Ireland Civil Service*, echoing many of the RHI Inquiry findings²⁰. We identified that NICS departmental workforce planning templates did not adequately consider functional skills but focussed on headcount. We note that recruitment policies and practices were reviewed during the development of the NICS People Strategy and that work has been done by the NICS Economist Profession to develop links with their UK Government and Irish Government counterparts to share best practice and learning. However, in our view, there is much more to be done to ensure that staff hold the requisite qualifications, skills and/or experience for their post. We welcome that a fundamental review of NICS recruitment policy is underway (see **3.27**).
- 3.18 In relation to improving project management skills, the NICS has developed a range of accredited training programmes including a six day PRINCE2 training programme and five day accredited programmes in the Management of Risk and Managing Successful Programmes (targeted at senior staff involved in programme or project delivery). Furthermore, in line with developments in the UK civil service, the NICS Board endorsed the establishment of an NICS Project Delivery Profession in March 2019 and further work is planned to complete the establishment of this profession in the civil service, as part of the development of the workplace model.
- 3.19 Revised policy and guidance on best practice in project delivery was also issued in February 2020, and further revised in September 2021. This formalised the process for appointing a Senior Responsible Owner (SRO) for programmes and projects and recommended that each NICS department establish a Portfolio, Programme or Project Office (also known as P3Os) to provide support and oversight of the delivery of programmes and projects and link in with the

Gateway™ assurance system²¹. We welcome the inclusion in the guidance that it is the SRO for a programme or project who must take ownership of arrangements with other government bodies and contractors, a pointed issue which affected the RHI scheme.

- 3.20 In May 2020, the NICS also adopted the revised risk management guidance prepared by HM Treasury (The Orange Book), which requires government bodies to explain any deviations from the five main principles on risk management.
- 3.21 We understand that further work is planned to make improvements in this area, including a fundamental review of the NICS' Practical Guide to Policy Making. The review is expected to reinforce the importance of including statutory powers to suspend or close schemes. Other work will focus on improving the knowledge and functional skills of staff in policy, embedding the P3Os in each department and improving relationships between NICS departments and Invest NI and the Strategic Investment Board²². DoF are also seeking to introduce a commercial peer case review system across the NICS.
- 3.22 **We acknowledge that progress has been made in this area, with four recommendations considered addressed and planned work likely, over time, to address a further four recommendations of the RHI Inquiry. However, in our view, considerable additional work is required in relation to the remaining two recommendations under this theme to address concerns relating to, for example, rigorous assessments at an early stage to determine whether the NICS has the necessary skills and resources to deliver policy, and the use of the NICS' experts in the Strategic Investment Board and Invest NI.**

Reasonable progress has been made against recommendations in the Resourcing and People theme and further action is still required

- 3.23 The RHI Inquiry's report criticised the lack of resources and specialist expertise that DfE assigned to the development, delivery and running of the RHI scheme. Acknowledging the hard work of many of the civil servants involved, the Report identified that the lack of expertise and support was due to an inadequate understanding of the risk of the scheme and reflected general pressures on staffing resources in the NICS.

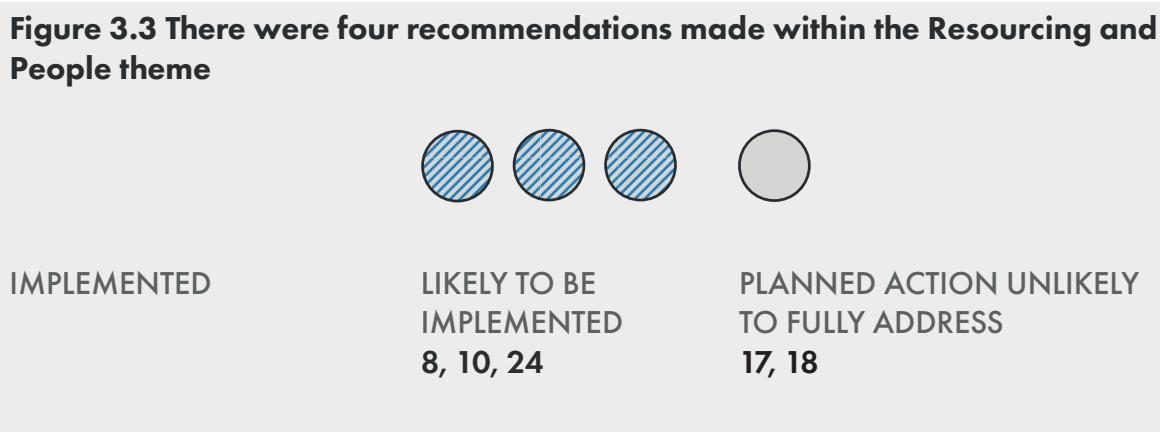
21 The Gateway™ review is an assurance mechanism designed to provide an objective view of the ability of a programme or project to deliver on time and to budget through a series of independent peer reviews at key decisions or stages in the lifecycle of a project.

22 Invest NI is NI's regional business development agency, with a role to grow the local economy which is achieved by helping new and existing businesses to compete internationally, and by attracting new investment to Northern Ireland. The Strategic Investment Board helps government plan infrastructure, deliver major projects and manage assets.

Part Three:

Assessment of progress with implementing the RHI Inquiry's recommendations

- 3.24 The RHI Inquiry made four recommendations relating to Resourcing and People (see **Figure 3.3**) can be found in full in the **Annex illustrating progress against individual RHI Report recommendations**.



- 3.25 Our November 2020 report, Capacity and Capability in the Northern Ireland Civil Service, noted that the majority of specialist, professional, technical and Senior Civil Service posts are recruited to specific roles. However, the report concluded that more can be done in generalist position recruitments to assess the skills and experience of prospective candidates and match these to current vacancies. The recommendations from the NIAO report were endorsed by the Northern Ireland Assembly's Public Accounts Committee in their May 2021 Report on Capacity and Capability in the Northern Ireland Civil Service.
- 3.26 DoF has told us that job-specific appointments were made within the NICS generalist grades, for example the recruitment of policy experts at Grade 7 and Staff Officer level to work on European Union matters. We also note their assurance that open recruitment competitions for Staff Officers and Deputy Principals have matched over 900 candidates to roles based on their skills and experience.
- 3.27 We welcome that a review of recruitment and selection policy in the NICS is underway (along with the procedural guidance which will support its implementation) which aims to support the fundamental principle of the 'right people, with the right skills for the role, in the right posts, at the right time'. The review is also expected to identify ways in which recruitment and selection policies can support the delivery of the Civil Service People Strategy and the NICS ambition to be representative of society here. The review aims to support the NICS ambition to open up recruitment more widely, to attract the best possible candidates, and to expand the resourcing mix, through methods such as a greater use of apprenticeships, broadening secondment opportunities and introducing initiatives to support the employment of people furthest from employment such as disabled people or young care leavers.

- 3.28 The Review's Terms of Reference have been agreed and an external advisory panel of HR experts formed to support the review. A sub-group of senior departmental stakeholders (the Workforce Senior Stakeholder Group) will also engage with the review. We note also that early work has started on improving workforce planning in the NICS. We will continue to monitor the effectiveness of actions taken to implement improvements in recruitment and selection procedures in the NICS.
- 3.29 A suite of training has been developed and made available to NICS staff on commercial skills and other topics highlighted by the RHI Inquiry, such as project and programme management. The NICS also piloted the UK Government Cabinet Office's Commercial Skills Assessment and Development Centre to evaluate its potential as a commercial skills development tool, and has agreed to roll out the training to all staff responsible for contracts with a value of over £20 million.
- 3.30 To assist with knowledge retention following staffing changes, guidance and a knowledge transfer template have also been developed and issued to departments for implementation. We also note that sequencing and handling staff moves to maintain business continuity is included in the review of recruitment policy.
- 3.31 We understand, however, that there is a significant amount of further planned work in this area. Headline actions include reforming the role and sponsorship of the Civil Service Commissioners for NI, which we accept will require engagement with the Northern Ireland Office as the Commissioners are appointed by the Secretary of State, and developing the NICS workforce model and workforce planning, with a focus on incorporating key functional skills and disciplines and associated learning and delivery into the model. DoF also intends to launch and implement talent management products across the civil service and develop the existing guidance for the use of professional services, including consultants.
- 3.32 **While we acknowledge that reasonable progress has been made in this overall area, in our view, considerable additional work is required to fully address the RHI Inquiry's recommendations on improving commercial and business awareness of staff and providing staff with guidance on identifying and handling commercially sensitive information.**

Further work is required to address both recommendations grouped under the Collaboration and Communication theme

- 3.33 A recurring theme throughout the RHI Inquiry's report was the failure to communicate and collaborate effectively throughout the design and operational phases of the RHI scheme. This included failures both internally, across the different bodies of the NICS and NI Executive, and externally, including, for example, the failure of the scheme's administrator, Ofgem²³, to pass relevant information to DfE.

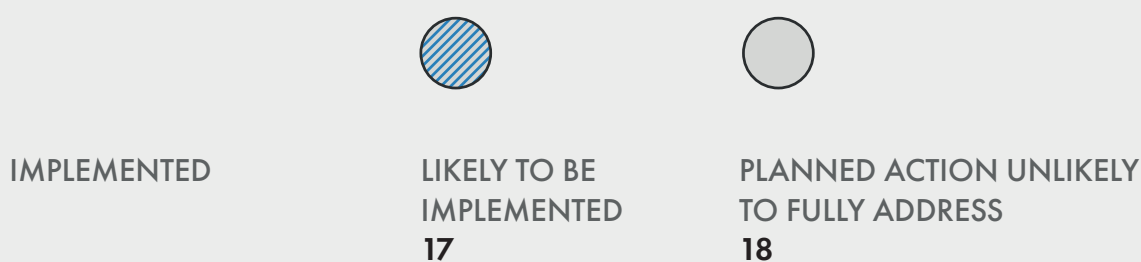
23 The Office of Gas and Electricity Markets (Ofgem) is a non-ministerial government department operating on behalf of the Gas and Electricity Markets Authority (GEMA). GEMA, through Ofgem, regulates the gas and electricity markets in Great Britain. Ofgem administers the NI non-domestic RHI scheme on behalf of DfE.

Part Three:

Assessment of progress with implementing the RHI Inquiry's recommendations

- 3.34 The RHI Inquiry made two recommendations on Collaboration and Communication (see **Figure 3.4**). These recommendations can be found in full in the **Annex illustrating progress against individual RHI Report recommendations**.

Figure 3.4 There were two recommendations made within the Collaboration and Communication theme



- 3.35 Specifically relating to economists within the NICS, links have been developed with the economist profession in the UK and Irish Governments in order to share best practice and learning. A Learning and Development framework has also been developed for NICS economists, providing a structured learning and development pathway linked to expected knowledge and skills at each step of their career, with commercial awareness a mandatory skillset to develop and maintain.
- 3.36 We welcome the establishment of a Project Delivery profession in the NICS, with a Project Delivery Business Unit established in March 2021 headed by the Chief Executive of Construction and Procurement Delivery (CPD)²⁴. As part of the profession's implementation process, a pilot of the UK Government's Infrastructure and Project Authority capability assessment tool (Government On-line Skills Tool (GOST)) was successfully concluded in July 2021. GOST is currently being rolled out across the NICS for project professionals to evaluate their current project delivery capability and signpost areas and approaches for development.
- 3.37 We understand that DoF, along with the Finance Directors group in the NICS is developing a strategic approach to how it will build capacity and capability within the finance profession, akin to that established for the economist profession mentioned previously.
- 3.38 We are aware that further work is planned to develop a framework for engagement between the NICS and neighbouring administrations across all grades and disciplines where relevant.
- 3.39 We also acknowledge the work performed as part of the Cabinet Office led review on improving intergovernmental relations between and amongst the UK Government and devolved administrations. In January 2022, the UK Government Cabinet Office and Department for Levelling Up, Housing and Communities published the review of intergovernmental relations. The review establishes the principles of intergovernmental relations going forward, as well

24 CPD is a division of the Department of Finance that helps the NI public sector deliver successful projects.

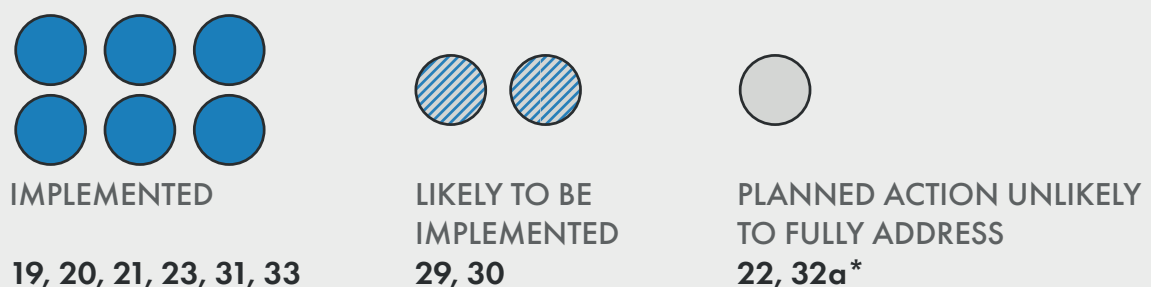
as the engagement structures (split into three groups headed by a council of the Prime Minister and heads of devolved governments), secretariat support and dispute resolutions for intergovernmental relations. Principles of future relations have been established and progress has been made on determining the supporting machinery and framework.

- 3.40 **We acknowledge that some progress has been made in this area and consider that the planned action will fully address one recommendation. However in our view, further work is required to improve information exchange and co-operation between the NICS and the other government bodies across the UK and the Republic of Ireland.**

Significant progress has been made against the recommendations grouped under the Governance and Financial Controls theme

- 3.41 The RHI Inquiry identified a number of failings in the governance of the RHI scheme by all public bodies with an oversight role. The RHI Inquiry concluded that the scheme had been badly designed from the beginning, critically failing to include appropriate cost control measures, such as tiering of tariffs.
- 3.42 The RHI Inquiry made several recommendations relating to Governance and Financial Controls (see **Figure 3.5**). These recommendations can be found in full in the **Annex illustrating progress against individual RHI Report recommendations**.

Figure 3.5 There were ten* recommendations made within the Governance and Financial Controls theme



* Note that recommendation 32 has been split into two distinct elements, with the other element considered under the Raising Concerns theme.

- 3.43 A key change since RHI has been the adoption of the Five Case Model approach to developing business cases for significant public expenditure in November 2020. The Five Case Model is endorsed by HM Treasury and its adoption was recommended in the 2019 DoF *Review of the Expenditure Approval and Business Case Processes*²⁵. That review identified that the practical application of existing guidance and roles and responsibilities within the business case process were not fully understood. Concerns were identified that the amount of effort expended in the business case process was often disproportionate for smaller, routine

25 The five 'Cases' that a business case must demonstrate under the Five Case Model are: the Strategic Case; the Economic Case; the Commercial Case; the Financial Case; and the Management Case.

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expenditure and that business cases, rather than expenditure, were being approved. Adoption of the Five Case Model for business cases is intended to bring clarity on the roles and responsibilities in the process, improve efficiency, and link better with the existing Gateway™ assurance mechanism for major proposals. The adoption of the Five Case Model has been supported by the development of comprehensive guidance and templates on a hub website, plus the roll-out of accompanying training for staff.

- 3.44 The Review of Expenditure Approval and Business Case Processes also consulted with all departments and considered the role of Casework Committees in the approval process. It recommended that all departments consider introducing Casework Committees, as a means of providing added assurance to the decision-maker in relation to large or complex expenditure proposals. This recommendation was reinforced in the *Better Business Cases NI: Best Practice in Business Cases* version two guidance issued in August 2021.
- 3.45 *Better Business Cases NI* also encourages departments to adopt a three stage process²⁶ for large or complex projects, producing a Strategic Outline Case (SOC), Outline Business Case (OBC) and finally Full Business Case (FBC). These reflect the development of the proposal from its initial inception right through to final procurement. For those projects costing over £50 million or which are considered novel or contentious, the SOC must be submitted to DoF Supply for approval. Such projects cannot proceed to OBC stage without DoF approval.
- 3.46 The protocol that the Public Spending Directorate within the DoF should be the conduit for formal communication with HM Treasury was also reinforced in April 2019. One of the early problems with the RHI scheme was that the flow of communication in 2011 on the funding for RHI was unconventional and primarily between HM Treasury and DfE.
- 3.47 From October 2021, DoF also confirmed to departments that DoF Supply will include a line in approval letters to say that any non-standard conditions of approval should be brought to the attention of Ministers; and that it will be for departments to determine the most suitable method for advising their Ministers.
- 3.48 The ability of the NI Executive and the NICS to modify public expenditure rules to avoid false economies is limited, as this is governed by UK budgeting rules set by HM Treasury. The November 2020 Statement of Funding Policy between HM Treasury and the devolved governments introduced additional flexibility for departments to carry forward resource Department Expenditure Limit budget from 2021-22. DoF has engaged with HM Treasury on budgeting rules, with HM Treasury confirming that the budgeting rules are set with the macro-economic picture in mind and NI is expected to abide by such rules.

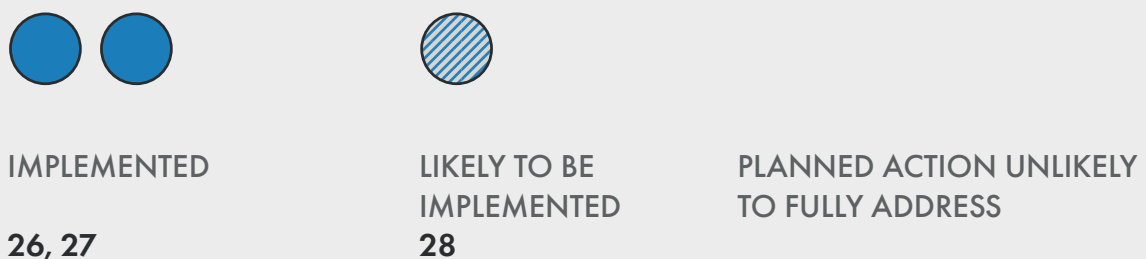
26 Note that the Five Case Model referred to in **3.39** separates the business case into five component parts, or 'Cases'. The five 'Cases' are not individual business cases, they are systematic framework for the development and presentation of the business case. *Better Business Cases NI* suggests splitting the business case into three business case stages for large or complex projects (the SOC, the OBC, and the FBC).

- 3.49 A number of further actions are planned, with a critical action being a review of the current public sector expenditure guidance, *Managing Public Money NI*, which was due in autumn 2021.
- 3.50 **We consider that significant progress has been made in this area and note that the additional planned work will ensure that eight of the ten recommendations under this theme have been implemented or will be implemented over time. We concluded that further work is still required to address, for example, the recommendation that DoF takes a more proactive role in the financial monitoring of initiatives on an ongoing basis or that all departments review whether their governance systems appropriately act as checks and balances designed to detect problems and risks in schemes. We acknowledge the oversight role provided by DoF in identifying several issues since RHI and that these matters have been brought to the NIAO's attention, however we consider this indicative of a failure by departments to sufficiently improve their own governance systems and procedures.**

Reasonable progress has been made against recommendations concerning Record Keeping

- 3.51 The RHI Inquiry identified significant concerns with record keeping and information management at the then DETI, with issues over minute taking and recording Ministerial discussions hampering the work of the RHI Inquiry.
- 3.52 The RHI Inquiry therefore made three recommendations relating to Record Keeping (see **Figure 3.6**). These recommendations can be found in full in the **Annex illustrating progress against individual RHI Report recommendations**.

Figure 3.6 There were three recommendations made within the Record Keeping theme



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- 3.53 The revised NICS Code of Ethics, issued in February 2022, includes an explicit requirement that NICS staff must keep accurate records, including minutes of ministerial meetings, and handle information as openly as possible within legal parameters. The record keeping requirements in the revised Code of Ethics are reinforced by the Functioning of Government (Miscellaneous Provisions) Act which received Royal Assent in March 2021. The Act requires that arrangements are made to capture and retain a written record of relevant meetings between Ministers, Special Advisers and civil servants where official business is conducted. The requirement also applies to relevant meetings with third parties. Specific guidance on record keeping functions was issued to Ministerial Private Offices in July 2019, and revised further in January 2020 and March 2021.
- 3.54 Projects were also initiated in July 2019 to review the records management policies and practices of the NICS and separately to review the document records management system Hewlett Packard Records Management (HPRM). A number of products emerged from these two reviews, including the launch of a data protection and information intranet hub accessible by NICS staff, which holds much of the guidance further developed, and an NICS Record Management Governance Framework. A full list is available in the **Annex illustrating progress against individual RHI Report recommendations**. Planned upgrades to HPRM were also performed in late 2020 for most departments, with the Department of Justice, which operates a separate network, due to follow. Implementation of the recommendations from these reviews will continue to be monitored by the NICS Information Management Council.
- 3.55 A further project has been established where the NICS will fundamentally examine what it needs in a records management system now and in the future. The programme board for this project met for the first time in March 2021 however there have been delays to the initial scoping exercise for the review which was due to be completed by June 2021.

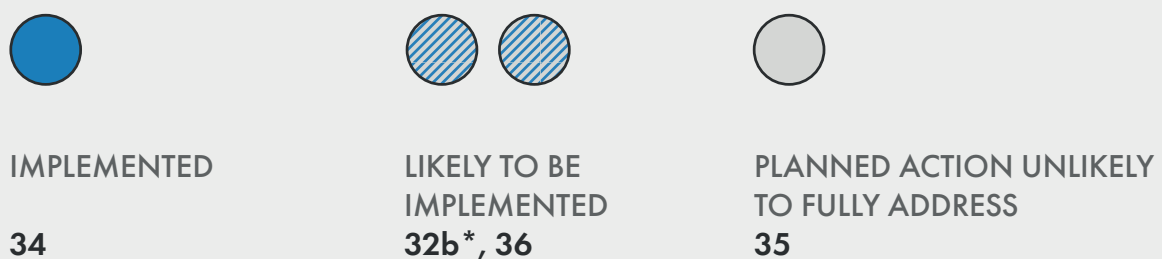
Recommendation 3

- 3.56 **We recommend that GIAFIS monitor compliance with standards and processes for record keeping across all departments on an ongoing basis, particularly where matters should be documented for complex or major decisions.**
- 3.57 **We note the progress made to date in this area. We have concluded that two of the recommendations are fully implemented, and we consider that the additional work planned is likely to address the Inquiry Report's final recommendation under this theme over time.**

Limited progress has been made in addressing recommendations on how the public, businesses and civil servants are raising concerns

- 3.58 The existence of the “perverse incentive” in the RHI scheme, whereby participants generating heat from medium biomass boilers had the opportunity to earn more than the variable cost of generating heat, was known during the early stages of the scheme’s operation. The RHI Inquiry’s report noted how one concerned citizen repeatedly contacted DETI between 2013 and 2015 with their concerns, however the DETI response was well below the expected standard.
- 3.59 The RHI Inquiry made several recommendations relating to Raising Concerns (see **Figure 3.7**). These recommendations can be found in full in the **Annex illustrating progress against individual RHI Report recommendations**.

Figure 3.7 There were four* recommendations made within the Raising Concerns theme



* Note that recommendation 32 has been split into two distinct elements, with the other element considered under the Governance and Financial Controls theme.

- 3.60 Efforts have been made to improve the reporting of concerns internally within the NICS, with the development of a revised NICS Code of Ethics which was issued in February 2022. The revised Code of Ethics clarifies the options available to civil servants if they are being required to act in an unethical manner or are concerned with a Minister’s instructions. Civil servants are also required under the revised Code of Ethics to give appropriate considerations to concerns raised externally.
- 3.61 Recommendations regarding raising concerns were also made by NICS Internal Audit in their September 2019 review Whistleblowing Across the NICS. The Internal Audit review recommended that whistleblowing arrangements be improved in three departments and that the NICS adopt a sector wide whistleblowing policy, with an appropriate training package to be developed and dedicated raising concerns resources created in all departments. We understand that all departments now have a dedicated raising concerns resource.

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- 3.62 The NICS GIAFIS has also developed its investigation capacity to support delivery of fraud investigations and other relevant investigations. Staff were trained in investigative techniques and a dedicated whistleblowing investigation team was established for the Department of Education and Department for Communities, although other departments also have utilised this resource.
- 3.63 We understand that further action is planned in this area, including the development of an overarching Raising a Concern policy to support NICS staff. This policy is expected to address concerns and complaints beyond whistleblowing alone. For the three departments with issues identified in Internal Audit 's 2019 review, a follow-up review is due to commence for one department in January 2022, with follow-up reviews to be performed in the other two departments once the Raising a Concern policy has been implemented.
- 3.64 Nevertheless, there has been minimal progress made in implementing the recommendations of the RHI Inquiry in this area, particularly with regards to concerns raised by the public and businesses external to the NICS. We encourage DoF to ensure that dealing with concerns raised by the public is a key focus of its planned actions under this theme and welcome that DoF have considered *Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector* published by the NIAO in June 2020 as an important part of this work. We intend to perform further work on assessing whether improvements in recording and responding to concerns raised have been embedded across the public sector.
- 3.65 **We consider that the progress in this area is sufficient to consider one of the RHI Inquiry's recommendations as implemented, and with the further work planned we expect that two additional recommendations are likely to be addressed. However, more work needs to be undertaken to fully address the final recommendation under this theme, such as developing better early warning systems for concerns raised and learning lessons from past failures. We will be examining and reporting on compliance with good practice as part of our future work programme.**
-

Appendix One:

Report Methodology (paragraph 1.31)

Methodology

This report's methodology comprised:

- **Desk research** – collated and analysed information on and within the Department of Finance and the Department for the Economy, including:
 - > Strategies;
 - > Policies;
 - > Guidance;
 - > Reviews;
 - > Evaluations; and
 - > Press releases.
 - **Considered the impact of relevant legislation, such as the Functioning of Government (Miscellaneous Provisions) Act.**
 - **Reviewed work undertaken by various Northern Ireland Assembly Committees.**
 - **Followed the work and progress of the NI Executive's Sub-Committee on Reform Following the RHI Inquiry.**
 - **Interviews/meetings** – conducted semi-structured interviews with Departmental officials.
-

Appendix Two:

RHI Inquiry recommendations and detailed responses (paragraph 3.1)

The RHI Inquiry's report contained 44 recommendations.

The NI Executive's Sub-Committee has accepted responsibility for implementing 42 of the recommendations.

One recommendation falls to the NI Assembly and the remaining recommendation relates to the Northern Ireland Audit Office.

To assist its response to the Inquiry's recommendations, the Executive Sub-Committee, supported by the Department of Finance, has grouped recommendations which address similar areas into seven thematic groupings (we note that Recommendation 32 spans two themes).

The summary table below shows where each recommendation has been assigned.

Theme	RHI Inquiry Team Recommendation Number
Ministers and Special Advisers	5, 6, 7, 25, 37, 39, 40, 41, 42, 43
Professional Skills	1, 2, 3, 4, 11, 12, 13, 14, 15, 16
Resourcing and People	8, 9, 10, 24
Collaboration and Communication	17, 18
Governance and Financial Controls	19, 20, 21, 22, 23, 29, 30, 31, 32a, 33
Record Keeping	26, 27, 28
Raising Concerns	32b, 34, 35, 36
Other	38, 44

Appendix Three:

Annex illustrating progress against individual
RHI Report recommendations

Appendix Three:

Annex illustrating progress against individual RHI Report recommendations

List of Abbreviations

	Definition
ALB	Arm's Length Body
AME	Annually Managed Expenditure
CPD	Construction and Procurement Delivery
DAO	Dear Accounting Officer letter
DEL	Departmental Expenditure Limit
DETI	Department of Enterprise, Trade and Investment
DfE	Department for the Economy
DoF	Department of Finance
FBC	Full Business Case
GIAFIS	Group Internal Audit and Fraud Investigation Service
GOST	Government On-line Skills Tool
HMT	Her Majesty's Treasury
HPRM	Hewlett Packard Records Management
HR	Human Resources
IFG	Institute for Government
IPA	Infrastructure and Projects Authority
MLA	Member of the Legislative Assembly
MoU	Memorandum of Understanding
MPMNI	Managing Public Money Northern Ireland
NDPB	Non-Departmental Public Body
NICSHR	Northern Ireland Civil Service Human Resources
NIGEAE	Northern Ireland Guide to Expenditure and Appraisal Evaluation
OBC	Outline Business Case
P3O	Portfolio, Programme and Project Offices
PAC	Public Accounts Committee
PfG	Programme for Government
RHI	Renewable Heat Incentive
SIB	Strategic Investment Board
SpAd	Special Adviser
SOC	Strategic Outline Case
SRO	Senior Responsible Owner
TEO	The Executive Office

Summary Information on the Status of RHI Inquiry Recommendations

Department of Finance allocation of RHI Inquiry recommendations across seven themes

	Theme	RHI Inquiry Team Recommendation Number	Total Number of Recommendations by DoF Theme
1.	Ministers and Special Advisers	5, 6, 7, 25, 37, 39, 40, 41, 42, 43	10
2.	Professional Skills	1, 2, 3, 4, 11, 12, 13, 14, 15, 16	10
3.	Resourcing and People	8, 9, 10, 24	4
4.	Collaboration and Communication	17, 18	2
5.	Governance and Financial Controls	19, 20, 21, 22, 23, 29, 30, 31, 32 ¹ , 33	10
6.	Record Keeping	26, 27, 28	3
7.	Raising Concerns	32 ¹ , 34, 35, 36	4
			42¹
	Other (relating to NI Assembly and NIAO)	38, 44	2
		TOTAL	44

Notes:

- ¹ Recommendation 32 has been split by DoF across two Themes (5 and 7). The recommendation has been counted only once and not double counted for totalling purposes.

Recommendation implementation status at 30 September 2021¹

		Implemented		Likely to be fully implemented		Planned actions not likely to implement the recommendation in full		Total
		Rec No	Total	Rec No	Total	Rec No	Total	
1.	Ministers and Special Advisers	6, 25, 40, 41, 43	5	5, 7,	2	37,39, 42	3	10
2.	Professional Skills	11, 14, 15, 16	4	2, 3, 4, 13	4	1, 12	2	10
3.	Resourcing and People	-	0	8, 10, 24	3	9	1	4
4.	Collaboration and Communication	-	0	17	1	18	1	2
5.	Governance and Financial Controls	19, 20, 21, 23, 31, 33	6	29, 30	2	22, 32a ²	2	10
6.	Record Keeping	26, 27	2	28	1	-	0	3
7.	Raising Concerns	34	1	32b ² , 36	1	35	1	3 ²
	TOTALS		18		14		10	42²

²

¹ September 2021 cut-off taken as the summary of actions to date underpinning this report was received from DoF in late September 2021 shortly before the publishing of the Executive Response to the RHI Inquiry Report Recommendations and Action Plan in early October 2021.

² Recommendation 32 appears in two separate themes (5 and 7). As one sub-recommendation is assessed as *Not currently likely to be implemented*, the recommendation as a whole is assessed as such and not double counted for totalling purposes.

Theme 1: Ministers and Special Advisers

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
5	One role of Ministers in a democratic system is to decide on policies and they can only do so effectively if they are prepared, in appropriate cases, to question and challenge material put to them in submissions and regulatory impact assessments.				<p>Recommendation as a whole: The recommendation is likely to be fully implemented based on the planned action.</p> <p>See each sub-recommendation's assessment below.</p> <p>Full implementation of all elements of this recommendation should equip Ministers with the necessary skills to fulfil their public role.</p>
	Ministers should be given training on their role in relation to policy, legislation and on the working of public expenditure and value for money.	<p>Executive Ministers attended a number of away-day events (with Permanent Secretaries) shortly after taking up office following the restoration of devolution in January 2020. Topics included working as an Executive and briefing on key issues facing the Executive, including presentations on the budget.</p> <p>Subsequent formal training courses provided by the Institute for Government (IFG) were developed for</p>	Partially implemented.	<p>Plans are being developed to deliver induction programmes to Ministers and Special Advisers to be delivered by the IFG. Discussions with the IFG are continuing and a further date will be offered to Executive Ministers in the near future.</p>	<p>The recommendation is likely to be fully implemented based on the planned action.</p> <p>Further work will need to be done on an ongoing basis to train and induct incoming Ministers on these critical matters, and we believe that attendance at appropriate training and inductions should be regarded as compulsory for Ministers</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
		<p>Executive Ministers but planned sessions were postponed because of the Covid crisis.</p> <p>The Department has subsequently offered training to all Executive Ministers, but while all signalled an interest a suitable date could not be found. As an alternative, one to one sessions with the IFG were offered to all Ministers. One Minister and their Special Adviser availed of this.</p>		<p>Arrangements will be made for induction of new Ministers at the beginning of the new mandate in 2022.</p>	<p>within a reasonable timeframe of taking office. Departments should take all possible steps to encourage attendance by their minister.</p>
	<p>More should also be done to provide:</p> <p>(a) comprehensive departmental induction and information, which should include frank disclosure of any specific difficulties and problems involved in a particular scheme or policy area; and</p>	<p>Departmental induction and briefing for Ministers was provided to Ministers on the return of the Northern Ireland Executive (the Executive) and on Executive away days.</p>	<p>Implemented.</p>		<p>Implemented.</p>
	<p>(b) greater support in the form of a properly</p>	<p>In July 2019, revised guidance was issued for Minister's Private Offices.</p>	<p>Implemented.</p>		<p>Implemented.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	resourced Private Office.	Resourcing issues were addressed by regrading and redefining of the Private Secretary and Assistant Private Secretary posts.			
6	Under existing arrangements, Northern Ireland Ministers should be responsible for their Special Advisers.	<p>The revised <i>Ministerial Code of Conduct</i> (published 16 March 2020) requires that Ministers must, at all times:</p> <p><i>“ensure that the rules on the management and conduct of special advisers, including discipline, are adhered to”.</i></p> <p>This was reinforced to Ministers by also being included in the accompanying <i>Guidance for Ministers</i> issued in March 2020 and the <i>Code of Conduct for Special Advisers</i> issued January 2020.</p> <p>The changes to the <i>Ministerial Code of Conduct</i> were legislated for with the passage of the Northern Ireland (Ministers, Elections and Petitions of Concern) Act by the UK Parliament in February 2022.</p> <p>Special Advisers are also subject to the NICS disciplinary process, where applicable, under the terms and conditions of their Letter of</p>	Implemented.		Implemented.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
		Appointment, the Code of Conduct for Special Advisers, and the Functioning of Government (Miscellaneous Provisions) Act which received Royal Assent in March 2021.			
<p>New or returning Ministers should be invited to convey to the relevant Permanent Secretary, and make transparent to the department, how the Minister expects his or her Special Adviser to fulfil their role in relation to considering submissions and associated background documents.</p> <p>There should be clarity with regard to the Minister's and the Special Adviser's respective roles in terms of reading, advising and commenting upon submissions, technical</p>	<p>The revised Code of Conduct for Special Advisers (issued January 2020) clarifies that Special Advisers can (among other things):</p> <ul style="list-style-type: none"> • give assistance and advice; • contribute to policy planning within the Department; • review and comment on – but not change, suppress or supplant – advice submitted to Ministers by civil servants. <p>The Department has noted that these expectations will be specific to the relevant departments and Ministers/Special Advisers, and are expected to be covered in the development training offered to Ministers and Special Advisers.</p>	Implemented.		Implemented.	

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	<p>reports and other documentation advanced as a basis for ministerial decisions.</p>				
	<p>The advisory role of the Special Adviser in relation to ministerial decision-making, including the sequencing of consideration by the Special Adviser and the Minister, should be clearly set out for officials to understand.</p> <p>This should include provision for exceptional circumstances in which, and the means by which, the usual procedures may need to be adapted, for example in cases of particular urgency or when a Minister is abroad on official business or on leave.</p>	<p>The Department advised that this is set out in departmental Private Office guidance and not mandated centrally.</p> <p>Departmental processes are however supported by a new group to ensure service wide liaison across Private Offices has been established, led by The Executive Office. All Private Offices attend and several sessions have been held to discuss the operation and delivery of the Private Office guidance.</p>	<p>Implemented.</p>		<p>Implemented.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
7	<p>There should be a clearly defined induction process for new Special Advisers, shared by the appointing Minister and the relevant Permanent Secretary, in the course of which the structure and work of the relevant department, the terms of the Special Advisers Model Contract, the Code Governing Appointment of Special Advisers, the relevant NICS Codes of Conduct and the role, responsibilities, accountability and obligations of advisers should be carefully explained.</p> <p>Such a process should involve practical preparation and training and not be limited to the provision of documents.</p>	<p>DoF told us that immediately on their appointment all Ministers (and Special Advisers where they have been appointed) meet with the Permanent Secretary and key Private Office staff and that all Special Advisers have been provided with copies of all of these documents and the revised codes of appointment and conduct (including job description). The process for salary determination has also been shared with Special Advisers.</p> <p>These details were then provided to each departmental Minister and Permanent Secretary, who were tasked with ensuring the provisions, particularly in relation to conflicts of interest and declaration of interests, were clearly understood. The Department told us that training has been offered to all and provided to those who asked for it.</p> <p>Whilst we acknowledge the efforts taken here, we believe the practical focus the recommendation suggested requires further work.</p>	Partially implemented.	<p>As noted above, plans are being developed to deliver induction programmes to Ministers and Special Advisers, to be delivered by the IFG. Ministers and Special Advisers have indicated their interest. The date is to be confirmed.</p>	<p>The recommendation is likely to be fully implemented based on the planned action.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
25	In light of their legal responsibility to direct and control the department for which they are responsible, and their democratic accountability to the Northern Ireland Assembly, ministerial decisions should be taken by Ministers (in conjunction with other ministerial colleagues, where appropriate) and by no one else.	The Pledge of Office requires Ministers <i>“to accept no authority, direction or control on my political activities other than my democratic mandate alongside my own personal and party judgment”</i> . This message was reinforced to Ministers in the <i>Guidance for Ministers</i> issued in March 2020, which underlined that Ministers must act in accordance with the Pledge of Office.	Implemented.		Implemented.
37	In keeping with the spirit of the Ministerial Pledge of Office, the Northern Ireland political parties, supported by the Northern Ireland Civil Service, should together agree a set of actions to reduce organisational silos arising between the government departments and their linked public bodies and	We note that the revised Ministerial, Special Advisers’ codes and revised NICS Code of Ethics all now include the obligation to work towards the objectives of the Executive as a whole. For example, the revised Special Adviser Code of Conduct, issued in January 2020, clarifies that: <i>“Special advisers stand outside the departmental hierarchy but work collaboratively with civil service colleagues supporting the Ministers</i>	Partially implemented.	The revision of the NICS Code of Ethics (issued in February 2022) emphasises collaborative working by setting out that that the role of the Civil Service is <i>“to support Ministers and the Executive as a whole in developing and implementing their policies, and in delivering public services”</i> and that <i>“all civil servants have a</i>	The recommendation is not currently likely to be fully implemented based on the planned action. While the revision of the NICS Code of Ethics to require more collaborative working and the changes to the Special Adviser Code of Conduct are welcome, in our opinion they do not specifically address the

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	<p>to promote behaviours of collaboration and joined-up departmental working in the interests of the whole Northern Ireland community.</p>	<p><i>who have appointed them and the Executive as a whole</i>".</p> <p>We accept that the draft Programme for Government (PFG) is designed to ensure, support and require collaborative working across government (within the context that individual departments have distinct legal remits).</p> <p>The use of Outcome-Based Accountability (OBA) as the universal methodology for developing, delivering and monitoring implementation of the PFG corroborates the collaborative nature of the development and delivery of the PFG.</p> <p>Whilst the changes to the codes referred to above are welcome, no agreed set of actions to reduce organisational silos arising between government departments separate from the work of those departments, has been agreed or published. We therefore cannot currently consider the recommendation as likely to be addressed by the planned actions.</p>		<p><i>shared responsibility to support the work of the Executive as a whole</i>".</p> <p>The revised Code of Ethics also extends the definition of integrity to require that civil servants <i>"always act in a way that is ... collaborative"</i>.</p> <p>The NICS Board will be setting up appropriate governance arrangements for the PFG to facilitate collaborative design and delivery.</p>	<p>recommendation made by the Inquiry.</p>

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39	Any Minister presenting the Assembly with legislation for approval should sufficiently read and familiarise themselves with that legislation and ensure an adequate evidence base is publicly available to demonstrate that the benefits justify any attendant costs.	The Department told us that the revised <i>Guidance for Ministers</i> issued in March 2020 notes Ministers are expected to give accurate, timely and truthful information to the Assembly to support the Assembly's scrutiny function, and that all Ministers are aware of their responsibilities in bringing forward legislation to the Assembly.	Not implemented.	No evidence has been provided of further actions planned to implement this recommendation.	The recommendation is not currently likely to be fully implemented based on the planned action. We note the Department's response, however, in our view, a Minister presenting legislation to the Assembly in an accurate, timely and truthful manner does not equate to familiarity with the presented information. We appreciate the practical difficulties of demonstrating the sections of this recommendation concerning Minister's being familiar with legislation, however we believe making the evidence base for any legislation public and readily available should be addressed.
40	Ministers, Special Advisers and officials in Northern Ireland government departments should	Ministers are required (by virtue of being MLAs) to maintain a register of interests with the Northern Ireland Assembly, and update this register within four weeks of any change in registrable interest occurring.	Implemented.		Implemented. We would recommend that the NICS Group Internal Audit and Fraud Investigation Service (GIAFIS) monitor on

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<p>declare their interests annually in writing.</p>	<p>The Guidance for Ministers published in March 2020 sets out the requirements for the declaration of interests and provides a template form to be completed. The <i>Guidance</i> also outlines that a statement covering relevant Ministers' interests will be published twice yearly.</p> <p>NICS departments publish a register of gifts and hospitality for Senior Civil Servants (above Grade 5) on their websites, although when checked in January 2022 we noted not all departments were up to date.</p> <p>At the Permanent Secretary level, gifts and hospitality are collated by the Department of Finance (DoF) and published on the Open Data NI portal.</p> <p>The Code of Conduct for Special Advisers (issued in January 2020) sets out the requirements for the declaration of interests and provides a template form for completion. The first register was published in July 2020, and a revised version issued in March 2021.</p>			<p>an ongoing basis compliance by all departments with appropriately disclosing declarations of interest.</p>

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		<p>The Special Adviser Code of Conduct also sets out that departments will issue a quarterly report of gifts and hospitality received by special advisers together with details of special advisers' meetings with external parties. These are also collated by DoF and issued on the Open Data NI portal.</p> <p>The Functioning of Government (Miscellaneous Provisions) Act (which received Royal Assent on 22 March 2021) requires DoF to set out a scheme defining the categories of financial and other interests that are registrable, including gifts and hospitality; and to create, maintain and make publically available a register of Ministerial and Special Adviser interests, including gifts and hospitality.</p> <p>It also requires Ministers and Special Advisers to inform the Permanent Secretary of DoF of their registrable interests, including those of their spouse, partner or close family members; and within 28 days of any change to those registrable interests, inform the Permanent Secretary of that change.</p>			

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		<p>The Scheme and Register under the 2021 Act were published in March 2021.</p>			
	<p>When any conflict of interest arises during the course of government business, each individual should understand that he/she has an obligation formally to declare that conflict and ensure that it has been recorded.</p>	<p>The Guidance for Ministers requires Ministers to update the <i>Ministerial Declaration of Interest Framework</i> document as interests emerge and change on an ongoing basis.</p> <p>The revised Code of Conduct for Special Advisers notes that where a conflict arises, or could be perceived to arise, concerning Special Advisers, they are required to comply with NICS rules and departmental procedures. Special Advisers are therefore required to declare their interest in line with the general principles contained in section 6.01 of the Standards of Conduct in the NICS Staff Handbook. This requirement also applies to senior officials in departments.</p> <p>On the completion of the Register of Interests and subsequent updates, the Permanent Secretary of DoF seeks an assurance from Permanent Secretaries that they have arrangements to ensure</p>	<p>Implemented.</p>		<p>Implemented.</p>

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	that any real or potential conflicts of interest are being effectively managed.			
Departments, for their part, must have and implement clear policies and procedures so that all those concerned know what they have to do and when.	The Ministerial Code, Guidance for Ministers and Code of Conduct for Special Advisers are issued to relevant staff and available on the DoF website.	Implemented.		Implemented.
The relevant existing policies and practices should be tightened up and rigorously implemented to ensure they are consistent with best practice. Conflicts of Interest guidance published by the Northern Ireland Audit Office in 2015 is a good baseline. We further recommend that the registers of interests be made public.	Revised guidance was issued in 2020 – see sections above. Furthermore, the Functioning of Government (Miscellaneous Provisions) Act places a statutory duty on Ministers and Special Advisers to register interests, with DoF to maintain the register.	Implemented.		Implemented.
41	The Special Adviser Code of Conduct should be revised. How these	Implemented.		Implemented.

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	<p>changes are achieved will need to be a matter for the political representatives concerned in the construction of a system in which the public can have confidence. The Inquiry's findings suggest the following ought to be considered for inclusion in a revised code:</p>				
<ul style="list-style-type: none"> the accountability of a SpAd to his/her appointing Minister and clarity as to the responsibilities of each; 	<p>The revised Special Adviser Code of Conduct clarifies that the appointing Minister is responsible for the management and conduct of Special Advisers. The revised Code also offers clarity on the role and responsibilities of a Special Adviser and what they can do on behalf of their Minister.</p>	<p>Implemented.</p>	<p>Implemented.</p>		<p>Implemented.</p>
<ul style="list-style-type: none"> clarity about the working relationship between SpAds based in 	<p>The Department noted that the Code of Conduct clarifies that a Minister appoints a Special Adviser and is responsible for their management and conduct.</p>	<p>Implemented.</p>	<p>Implemented.</p>		<p>Implemented.</p>

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	<p>departments and SpAds in the Executive Office;</p>	<p>Under the Functioning of Government (Miscellaneous Provisions) Act, a Special Adviser can only be directed and supervised by their appointing Minister and can only report to that Minister. A Special Adviser may also be directed by and report to a junior Minister in that department, as directed by the appointing Minister.</p> <p>The Functioning of Government (Miscellaneous Provisions) Act clarifies that the power of a Special Adviser to manage another special adviser applies only to the Special Advisers within The Executive Office.</p>			
	<ul style="list-style-type: none"> responsibilities of SpAds to the Executive as a whole; 	<p>The revised Code of Conduct for Special Advisers clarifies that Special Advisers have a responsibility to support the Executive as a whole and liaise with other Special Advisers in support of the Executive's work.</p>	<p>Implemented.</p>		<p>Implemented.</p>
	<ul style="list-style-type: none"> with whom and how SpAds should register their interests; 	<p>Special Advisers are required to complete a template Declaration of Interest form attached to the Code of Conduct. The revised Code also requires special advisers to declare gifts and</p>	<p>Implemented.</p>		<p>Implemented.</p>

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		<p>hospitality and details of meetings with external organisations and individuals.</p> <p>Under the Functioning of Government (Miscellaneous Provisions) Act, currently, Special Advisers (and Ministers) are required to tell the relevant department when they have been lobbied and the department is required to retain a record of this.</p>			
	<ul style="list-style-type: none"> • how SpAds should act when conflicts of interests arise, cross-referencing to departmental requirements on how such conflicts should be identified, reported and managed; 	<p>The revised Code of Conduct for Special Advisers issued in January 2020 notes that where a conflict arises, or could be perceived to arise, concerning Special Advisers then they are required to comply with “<i>NICS rules and departmental procedures</i>”. Special Advisers are therefore required to declare their interests in line with the general principles contained in section 6.01 of the Standards of Conduct in the NICS Staff Handbook.</p>	Implemented.		Implemented.
	<ul style="list-style-type: none"> • SpAds’ duty of confidentiality, cross-referencing to their employment 	<p>Whilst not included in the Code of Conduct for Special Advisers, the accompanying Letter of Appointment template for newly appointed Special Advisers was updated in January 2020</p>	Implemented.		Implemented.

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<p>terms under the Civil Service code;</p> <ul style="list-style-type: none"> expectations and rules for SpAds when handling and emailing official information; 	<p>to include appropriate notice of their requirements for confidentiality.</p>	<p>Implemented.</p>		<p>Implemented.</p>
	<p>The revised Code of Conduct for Special Advisers explicitly states that Special Advisers should not disclose official information, and any breach of this will be subject to a disciplinary process that may include dismissal. The revised Code also includes requirements for Special Advisers to keep accurate official records and use official email systems for communications relating to official business.</p>	<p>Implemented.</p>		
	<p>The terms of the Code of Conduct have been further expanded in a Records Management Protocol for Special Advisers.</p>			
	<p>The Functioning of Government (Miscellaneous Provisions) Act has made it a specific criminal offence for Special Advisers (and Ministers) to disclose "official information" with third parties for improper benefit, with exempting clauses for public interest or reasonable behaviour. A serious offence carries a jail term of up to two years.</p>			

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<ul style="list-style-type: none"> guidance about use of personal email addresses and personal mobiles for official business; 	<p>The revised Code of Conduct for Special Advisers includes a requirement that where use of an official email system was not possible (and this is only expected in exceptional circumstances), any messages must be copied to their official email account. Furthermore, the Code of Conduct also includes a requirement that information generated in the course of government business must be handled in accordance with the law, regardless of how it was communicated.</p> <p>The terms of the Code of Conduct have been further expanded in a Records Management Protocol for Special Advisers.</p>	Implemented.		Implemented.	
<ul style="list-style-type: none"> protocol for handling disputes between a Minister and a SpAd; 	<p>Whilst not included in the Code of Conduct for Special Advisers, the accompanying Letter of Appointment template for newly appointed Special Advisers was updated in January 2020 to include guidance that in the event of any grievances relating to their employment, these must be brought to the attention of the department's Permanent Secretary in writing (or the appointing Minister).</p>	Implemented.		Implemented.	

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<ul style="list-style-type: none"> clarity on the routes for handling grievances and disciplinary matters; 	<p>The revised Code of Conduct for Special Advisers issued in January 2020 includes clarification that the appointing Minister is responsible for the conduct and discipline of Special Advisers.</p> <p>The further revision, in October 2021, has included reference to the statutory requirement under the Functioning of Government Act that the disciplinary code applicable in the NICS is to be applied to Special Advisers, consistent with the role and responsibility of the appointing Minister.</p> <p>The text of the NICS Handbook has been amended to the same effect. The Letter of Appointment for Special Advisers specifies that the Letter, together with the Code of Conduct for Special Advisers, the NICS Code of Ethics and any contractual parts of the NICS Handbook constitutes their contract of employment. This includes the section dealing with grievances.</p> <p>In addition, the Letter of Appointment template for newly appointed Special Advisers includes guidance that, in the</p>	Implemented.	It is planned that work on reviewing the NICS Handbook will include elements beyond Discipline (including grievances). Amendment of chapter 6.04 (Grievance) will follow in line with the amendment to chapter 6.03 (Discipline).	Implemented.

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		<p>event of any grievances relating to their employment, these must be brought to the attention of the department's Permanent Secretary in writing (or the appointing Minister).</p>			
	<ul style="list-style-type: none"> guidance on dealing with party political matters, and on interacting with party officials; and 	<p>The revised Code of Conduct for Special Advisers issued in January 2020 contains an annex providing guidance on Special Advisers' involvement in party political matters.</p> <p>The Code of Conduct also advises that Special Advisers may liaise and brief their party (including representatives who are not Assembly members).</p> <p>The revised Code also contains a blanket requirement that Special Advisers "should avoid anything which might reasonably lead to the criticism that people paid from public funds are being used for party political purposes".</p>	Implemented.		Implemented.
	<ul style="list-style-type: none"> the need for an office to be responsible for periodic updating 	<p>We understand that the Strategic Policy and Reform Directorate of DoF has taken responsibility for the updating of the Special Advisers Code of Conduct.</p>	Implemented.		Implemented.

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	of the SpAd Code of Conduct.	In our view, this should be explicitly stated in the Code of Conduct for Special Advisers.			
	Any revised SpAd code should be published.	The revised Code of Conduct for Special Advisers was published in January 2020. We expect any further revisions to the Code will be similarly publicly available.	Implemented.		Implemented.
	In the meantime, should SpAds come to be appointed before a revised code takes effect, the Inquiry recommends that there should be robust compliance with both the letter and spirit of the Civil Service (Special Advisers) Act (Northern Ireland) 2013 and the codes emanating therefrom approved by the Assembly.	There was a small gap between the restoration of the Executive (11 January 2020) and the publication of the revised Code of Conduct for Special Advisers (20 January 2020) where the revised code was not in effect. The revised Code of Conduct for Special Advisers now applies to all currently employed Special Advisers and will be applied to all Special Advisers employed in the future.	Implemented.		Implemented.
42	The Code of Conduct issued to Northern Ireland Ministers in 2007 (contained within the Northern Ireland Ministerial Code 2006) should be revised and	A revised <i>Ministerial Code of Conduct</i> was issued in March 2020, shortly after the publication of the RHI Inquiry's report. The revised <i>Ministerial Code of Conduct</i> was brought into law the passage of the	Partially implemented – whilst the majority of the sub-recommended implementation, the sub-recommendation to revise the ministerial Code of Conduct so that ministers take an active	See below.	The recommendation is not currently likely to be fully implemented based on the planned action. While most points have been addressed there are no plans

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	<p>brought up to date reflecting the findings of the RHI Inquiry and drawing on relevant best practice standards from ministerial codes of conduct used elsewhere in the UK and indeed from Northern Ireland's earlier Ministerial Code of 2000. This should be a priority for the Northern Ireland Executive.</p> <p>From the experience of this Inquiry, a revised code would among other things:</p> <ul style="list-style-type: none"> • explain how Ministers are expected to fulfil their responsibilities when leading a department and determining a department's policies; 	<p>Northern Ireland (Ministers, Elections and Petitions of Concern) Act by the UK Parliament in February 2022 and the revised <i>Ministerial Code of Conduct</i> applies retrospectively to current Ministers.</p> <p>We consider each of the recommendations points on the revised Ministerial Code of Conduct individually below.</p>	<p>role in challenging and questioning advice they receive is considered not likely to be implemented.</p>		<p>to update the ministerial code to include the active role expected of ministers in questioning and challenging the advice they receive.</p>
	<ul style="list-style-type: none"> • explain how Ministers are expected to fulfil their responsibilities when leading a department and determining a department's policies; 	<p>The revised Ministerial Code of Conduct requires that Ministers "<i>be accountable to the Assembly and the public for the decisions and actions of their departments and agencies, including the stewardship of public funds and the extent to which key performance targets and objectives have been met</i>".</p> <p>Whilst not included in the Ministerial Code of Conduct, the accompanying</p>	<p>Implemented.</p>	<p>An update to the relevant section of the Guidance for Ministers, to draw out the Minister's responsibilities with their department, is awaiting NI Executive approval.</p>	<p>Implemented.</p>

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		Guidance for Ministers also states that Ministers have full executive authority of the department of which they are in charge as part of a broader Executive programme and with the Assembly's approval.			
	<ul style="list-style-type: none"> • make clear that Ministers have an active role in questioning and challenging the advice they receive; 	<p>No clarification of the role of Ministers to actively question and challenge advice is included in the revised Ministerial Code of Conduct.</p> <p>Whilst not included in the Ministerial Code of Conduct, the accompanying Guidance for Ministers requires Ministers to give fair consideration to advice they receive in reaching policy decisions.</p>	Not implemented.	Issues such as this are expected to be addressed in planned ministerial development sessions.	<p>The recommendation is not currently likely to be fully implemented based on the planned action.</p> <p>We believe that the “active role” suggested by the recommendation was required to be in the Ministerial Code of Conduct and anticipated more from a minister than the “fair consideration” to be given to advice from civil servants included within the Guidance for Ministers.</p>
	<ul style="list-style-type: none"> • cross-reference to Ministers' duties under “<i>Managing Public Money Northern Ireland</i>”; 	Although not specific to Managing Public Money Northern Ireland (MPMNI), an appropriate cross-reference to comply with “rules relating to the use of public funds” is included in	Implemented.		Implemented.

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	<ul style="list-style-type: none"> be clear that, unless and until the legislation is changed, each Minister is individually responsible for the recruitment, management and discipline of his/her SpAd, including for observing the Northern Ireland laws and guidance in force in relation to SpAds; 	<p>the revised Ministerial Code of Conduct.</p> <p>The revised Ministerial Code of Conduct assigns ministers responsibility for making NICS and public appointments in accordance with legislation and also for the management, conduct and disciplining of their special advisers. This is further set out in Guidance for Ministers and the Code of Conduct for Special Advisers issued in early 2020.</p> <p>The responsibility of the appointing Minister for the management, conduct and adherence to code of conduct for their Special Advisers is given statutory effect by the Functioning of Government (Miscellaneous Provisions) Act.</p>	Implemented.		Implemented.
	<ul style="list-style-type: none"> clarify expectations about collaboration and joint working between Ministers of different departments as well as an individual Minister's responsibility to support the Government in 	<p>The Pledge of Office places obligations upon Ministers amongst other things:</p> <ul style="list-style-type: none"> to participate fully in the Executive Committee, the North-South Ministerial Council and the British-Irish Council; to participate with colleagues in the preparation of a programme for government; to operate within the framework of that programme when agreed 	Implemented.	Revisions to the Guidance for Ministers to reflect this recommendation are ongoing.	Implemented.

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	Northern Ireland as a whole;	<p>within the Executive Committee and endorsed by the Assembly;</p> <ul style="list-style-type: none"> ▪ to support, and to act in accordance with, all decisions of the Executive Committee and Assembly <p>The requirements for working as part of the Executive and for attending North South and East West meetings are in the Ministerial Code and referenced in the Code of Conduct.</p> <p>We note that the accompanying Guidance for Ministers requires them to support agreed Executive positions in the Assembly and this is also included in the Pledge of Office.</p> <p>We accept that the requirements are understood by Ministers and that compliance is outside the control of the NICS.</p>	Implemented.		
	<ul style="list-style-type: none"> • consideration should also include whether recent changes to the Westminster, Scottish Executive and Welsh Government 	<p>We are content that appropriate consideration of relevant changes in other jurisdictions has been incorporated into the Ministerial Code of Conduct.</p>	Implemented.		Implemented.

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	<p>Ministerial Codes of Conduct could be relevant to the Northern Ireland context. For example, the Westminster Ministerial Code of August 2019 published by the Cabinet Office specifically provides at paragraph 3.3 that: <i>“The responsibility for the management and conduct of Special Advisers, including discipline, rests with the Minister who made the appointment. Individual Ministers will be accountable to the Prime Minister, Parliament and the public for their actions and decisions in respect</i></p>				

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<p><i>of their Special Advisers."</i></p>				
<p>43 In addition, the Northern Ireland Executive and Assembly ought, in the Inquiry's view, to give due consideration to an independent mechanism to assess compliance with codes of conduct in public life as they apply to Ministers and Special Advisers. Whatever route is chosen, there must in future also be a focus on keeping standards of conduct clear, consistent, up-to-date and reflective of good practice. How this is done will be a matter for debate, but the principles of independence, transparency and periodic reporting to the people of Northern</p>	<p>For assessing compliance with the revised Ministerial Code of Conduct, the Panel for Ministerial Standards (the Panel) was proposed in March 2020 by the Northern Ireland Executive. The Panel would be responsible for investigating and reporting findings following complaints that a minister has breached the Ministerial Code. Sanctioning of ministers would not be a responsibility of the Panel. Commissioners to the Panel are yet to be appointed, except for the implied appointment to the standing position on the Panel for the Assembly Commissioner for Standards acting <i>ex officio</i>. Under the Functioning of Government (Miscellaneous Provisions) Act, the Northern Ireland Assembly Commissioner for Standards is now required to investigate genuine complaints that Ministers have breached the Ministerial Code. The Functioning of Government (Miscellaneous Provisions) Act also</p>	<p>Implemented.</p>		<p>Implemented.</p>

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	Ireland must be at the core.	<p>makes it a statutory requirement that Special Advisers are subject to the disciplinary processes and procedures of the NICS, free from ministerial interference.</p> <p>DoF noted in the Executive Response to the RHI Inquiry and Action Plan that the arrangements for enforcement (i.e. the ministerial panel) will be considered further in light of the decision of the Assembly to extend the remit of the Assembly Commissioner for Standards in the Functioning of Government (Miscellaneous Provisions) Act.</p>			

Theme 2: Professional Skills

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
1	<p>A new policy at its earliest stage should be subject to a rigorous process to determine whether the Northern Ireland devolved administration has (or is prepared to assign) the necessary skills and resources to deliver the policy safely and competently.</p>	<p>Existing recruitment and selection policies and practices were reviewed and revised as part of the development of the NICS People Strategy (approved by the NICS Board in May 2018).</p> <p>We note that the issue of the Dear Accounting Officer (DAO) (DoF) 02/20 letter, which updates best practice in project delivery, includes a requirement for the Senior Responsible Owner (SRO) of each program to ensure a programme or project is sufficiently resourced. The issue of DAO (DoF) 06/21 (an update to the guidance of DAO (DoF) 02/20) adds to the SRO's responsibilities on resourcing, including the best use of external experts.</p> <p>Better Business Cases NI, introduced by the Department in November 2020, requires SROs and Accounting Officers to undertake an initial assessment of the specialist advice necessary to develop and sign off on the business case for expenditure</p>	Partially implemented.	<p>This, and following recommendations, will be addressed through the revision of the Guide to Policy Making.</p> <p>The revision process will also be the context within which the issues highlighted in the RHI Inquiry are discussed within the wider policy community.</p> <p>An NICS learning needs analysis will be conducted by the end of March 2022 to ensure appropriate development support is available to assist with any capability issues identified within departments.</p>	<p>Recommendation 1 as a whole: The recommendation is not currently likely to be fully implemented.</p> <p>This sub-recommendation within Recommendation 1: the recommendation is likely to be fully implemented based on the planned action.</p> <p>The revision of the Guide to Policy Making, and the changes and developments in recruitment, training and expenditure appraisal processes are welcome and contribute to strengthening the NICS. These are continuing to be developed. In our view, in order for this recommendation to be regarded as implemented, it is essential that the NICS can demonstrate that a rigorous assessment of whether there are sufficient skills and resources to deliver the</p>

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		<p>decisions. The ethos of the new Guidance is to ensure specialists with the necessary skills are involved at an early stage in the business case process. Should these skills not be sufficiently available in-house then Accounting Officers (AO) and Senior Responsible Owners (SRO) will be expected to source externally.</p> <p>However, in November 2020, our report on <i>Capacity and Capability in the Northern Ireland Civil Service</i> identified that, despite the NICS introducing a new workforce planning template for all departments covering 2019-2020, three departments had produced only a draft template. Further, we noted that these templates considered only headcount and not functional skills.</p> <p>Early work has started on the key building blocks of workforce planning. This includes review and development of the NICS workforce model, identifying the professional, technical and functional skills and, where required, formal qualifications</p>			<p>policy safely and competently has been carried out.</p> <p>This will be something we will continue to monitor in any future review of the NICS' progress in addressing the RHI Inquiry's recommendations.</p>

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		<p>needed to deliver the various job roles across the service.</p> <p>DoF has established a senior stakeholder group to focus on recruitment priorities and a rolling recruitment planning process to fill departmental vacancies, giving due regard to the skills needed.</p> <p>A fundamental review of Civil Service recruitment policy is underway.</p> <p>Terms of Reference have been agreed by the Minister for Finance, and an advisory panel of external HR experts has been formed to support the review work.</p> <p>The review will identify and agree a set of principles and a policy framework to ensure that the NICS is staffed with people who have the necessary skills and expertise for the job.</p> <p>A new NICS Learning and Development Plan has been agreed by the NICS Board which prioritises development of the key functional skills identified by the RHI Inquiry and NIAO report on Capacity and Capability. The NIAO's</p>			

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1	<p>The scope for economies of scale through working in partnership with another administration (for example a Westminster department, another of the devolved administrations or city-regions within the UK or, in appropriate circumstances, the Republic of Ireland) should be thoroughly examined and the assessment of joint working options made visible to Ministers and the relevant Assembly Committee.</p>	<p>recommendations on Capacity and Capability were further endorsed by the NI Assembly's Public Accounts Committee (PAC) in its May 2021 <i>Report on Capacity and Capability in the Northern Ireland Civil Service</i>.</p> <p>Commercial skills and accredited project and programme management training has been developed, as well as Senior Civil Service practitioners delivering a range of policy workshops to enhance the capability of NICS policy makers.</p> <p>Better Business Case guidance and guidance in the DAO (DoF) 6/21 and DAO (DoF) 2/20 reinforced this message, with guidance recommending that "SROs scan across departments, other devolved administrations and the Whitehall Departments when embarking on novel, innovative of (<i>sic</i>) complex change initiatives".</p> <p>DoF told us that there are many examples where this joint working across devolved administrations and Westminster is being taken forward, for example:</p>	Partially implemented.	<p>Work to establish a framework between neighbouring administrations is being developed (refer to recommendation 18 under the Collaboration and Communication theme). The opportunity for joint delivery is expected to be included in this framework.</p> <p>The place of partnership between jurisdictions will be referenced and</p>	<p>The recommendation is not currently likely to be fully implemented.</p> <p>The recommendation in business case guidance to "scan" across other administrations does not sufficiently address this recommendation. We believe that a thorough examination of the potentials for partnership working with other administrations should be built into the development of all new</p>

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2	<p>Novel, potentially volatile and untested initiatives should in future be scrutinised thoroughly, well ahead of ministerial and business case approval.</p> <p>The Inquiry commends processes such as a 'starting point Gateway assessment' and, at a suitable point, a 'feasibility signoff' completed</p>	<ul style="list-style-type: none"> The work to develop Common Frameworks after leaving the EU. Development of Executive green growth policies in line with UK wide Net Zero requirements. The Climate Change Committee. <p>Within DoF the Head of the NICS Economist Profession has developed links with both the UK Government Economic Service (GES) and the Irish Government Economic and Evaluation Service (IGEES) in order to share best practice and learning.</p>	<p>Recommendation 2 as a whole: Partially implemented.</p> <p>This sub-recommendation within Recommendation 2: Implemented.</p>	<p>The importance of testing policy interventions will be drawn out in the process of revising the Guide to Policy Making.</p> <p>Implement the Infrastructure and Project Authority's (IPA) 'Get to Green' refresh of Gateway™ and wider Assurance Reviews.</p>	<p>policies and evidenced for visibility as suggested.</p>
		<p>The Department told us that all current guidance requires full assessment, and that this has always been the case but it was not effectively applied in the RHI situation.</p> <p>MPMNI, Construction and Procurement Delivery (CPD) project management and procurement, expenditure approval and business guidance, and risk management have all been updated as demonstrated in</p>	<p>Recommendation 2 as a whole: Likely to be fully implemented based on the planned action.</p> <p>This sub-recommendation within Recommendation 2: Implemented.</p>		

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	by the department's Accounting Officer.	the departmental response to the RHI report. The Starting Gateway Review process is an early intervention assurance review, the use of which has been re-emphasised in DAO (DoF) 02/20.		Consideration will be given to including a link to the Starting Gate process to increase awareness as part of the review of the Guide to Practical Policy Making.	
	With regard to particular policies driven by unpredictable demand, consideration should always be given, before the policy is implemented, to the inclusion of a clearly drafted statutory power to enable swift action to be taken to suspend and/or close the scheme in order to bring it under control.	The Department stated that existing guidance on project management, alongside post project review and evaluation if applied correctly, can give early warning of emerging issues. The Department also noted there are many examples where this recommendation has been actioned during the Covid period (for example the Regulations put in place to deliver the Localised Restrictions Support Scheme or for the assistance provided to airports). New schemes applied to specific time periods and were subject to review.	Partially implemented.	The importance of being able to suspend or stop an ongoing scheme will be drawn out as part of the revision of the Guide to Policy Making.	Likely to be fully implemented based on the planned action. The revisions to the Guide to Policy Making may be sufficient to address this recommendation however we will only be able to conclude accordingly when the revised Guide is issued and available to review.
3	As far as practicable, Northern Ireland Civil Service teams working on policies, particularly new and untested initiatives, should be trained	The Department noted a number of generalist grade staff or teams working on policies have availed of developed or revised training opportunities. Senior Civil Service	Partially implemented.	DoF plans to address the knowledge and skills of those in policy roles by:	Likely to be fully implemented based on the planned action.

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	<p>and supported so that they have the skills to do the job, not least the ability to model the policy, the skills to test it in advance under different conditions and scenarios, and the self-awareness to seek and use external challenge.</p>	<p>policy practitioners have also delivered a range of policy workshops to enhance the capability of NICS policy makers.</p>		<ul style="list-style-type: none"> providing training with an emphasis on modelling and testing; conducting a fundamental review of the Practical Guide to Policy Making; and following through to the Policy Skills Guide (which sets out the skills required for professional development in policy roles) and policy-skills training to improve consistency in best practice. 	
4	<p>A lesson from the RHI experience is that action is needed to raise and sustain the quality of advice to Ministers and the clarity with which it is expressed. Options must be properly evaluated and, at the point of formal decisions, advice must be clear, comprehensive and impartial. Risks should be clearly and realistically stated, with an account of the</p>	<p>The Department noted that this is a very high level recommendation and that actions in relation to the NICS Code of Ethics, professional skills, resourcing and people, project management and expenditure approval processes are all relevant to ensure that Ministers receive the best possible advice.</p>	Not implemented.	<p>Ensure financial and non-financial performance target reporting to the Minister, including outside the budget period.</p> <p>Improve the reporting of risks to Ministers. The revision of Policy Guidance is expected to include general points on the quality and nature of advice and reporting to</p>	Likely to be fully implemented based on the planned action.

	<p>RHI Inquiry Team Recommendation</p>	<p>Summary of actions taken to implement recommendations by September 2021</p>	<p>Status of Recommendation by September 2021</p>	<p>Further planned action to implement recommendations</p>	<p>NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action</p>
	<p>implementation challenges and how the policy will work on the ground. In particular, when relevant because of the nature of the policy, Ministers should be informed at the outset of how the initiative may be suspended or closed if it gets into difficulty. Ministers should in future expect, and departments should put in place systems to ensure, that officials provide regular and accurate information about how implementation is working in practice, especially when a third party is involved in implementing and/or administering a scheme or policy.</p>			<p>Ministers and this will also be featured in the leadership development programme.</p> <p>DoF told us that the guide is expected to provide specific standards for the provision of advice to Ministers. In addition, to highlighting the need for advice to always comply with the NICS values, it will set out clear principles in terms of clarity and comprehensiveness. It will reinforce what can go wrong using the RHI findings and will illustrate how these risks can be addressed. This will include specific guidance about the systems that need to be in place to provide regular and accurate information to Ministers. DoF told us it's their intention to have a first draft of the policy</p>	

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11	<p>Best practice project and risk management disciplines should be the default practice within the Northern Ireland Civil Service when developing novel and complex policies and managing their implementation. These disciplines can be widely applied and should not be confined only to major or capital projects. They can be tailored to the specific circumstances of an initiative and are especially important when implementing policies designed to change behaviour or to make incentive payments to individuals or businesses. If there is insufficient resource to implement adequate project management then projects should not proceed.</p>	<p>NICS Human Resources (NICSHR) has rolled out an accredited practitioner-level training in the Management of Risk methodology, targeted at senior staff involved in programme or project delivery. To date, two cohorts have completed this five day programme designed to provide guidelines on identifying, assessing and controlling risks within an organisation.</p> <p>The NICS Board endorsed the establishment of an NICS Project Delivery Profession in March 2019, mirroring work undertaken by departments in GB. The new NICS Project Delivery Profession business unit was formed in March 2021. By working closely with IPA colleagues, the foundations of the profession have been established and work is well underway to implement the profession across NICS departments on a phased basis.</p>	Implemented.	<p>guide completed in March 2022.</p> <p>Ongoing implementation /embedding of the NICS Project Delivery Profession endorsed by the NICS Board in March 2019.</p> <p>Ensure that all departments have in place a P30 to ensure visibility and provide support for governance, oversight and reporting on programme/project delivery and assurance, as set out in DAO (DoF) 02/20.</p> <p>Bring forward proposals for the implementation of Portfolio Management. It is expected that the establishment of the P30s within each department will enable Portfolio Management within each</p>	Implemented.

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		<p>These efforts were supported by the issue of revised guidance on best practice in project delivery through DAO (DoF) 02/20 (with further updates provided by the issue of DAO (DoF) 06/21). Key aspects of the new guidance included a more formal appointment process for the Senior Responsible Owners of programmes and projects and recommending the establishment of Portfolio, Programme or Project Offices (P30s) in each department.</p> <p>Amendment has been made to the HM Treasury Orange Book (Risk Management), with key highlights of practical guidance to assist risk management including five main principles on risk management (which bodies are required to comply with or explain departures from in their governance statements) and the introduction of the “three lines of defence” model for delegating risk management roles and responsibilities.</p> <p>In July 2019, DoF’s Strategic Policy Division produced <i>A Review of the</i></p>		<p>department and at an NICS level.</p> <p>Local implementation of the IPA’s ‘Get to Green’ and refresh of Gateway™ and wider Assurance Reviews.</p> <p>Reform behaviours and culture to ensure a greater focus on risk management.</p>	

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12	<p>The leaders of the Northern Ireland Civil Service should work with Invest Northern Ireland and the Strategic Investment Board to consider how both organisations can better contribute their expertise to the work of mainstream departments, particularly in relation to good practice on implementation of programmes and project management. This could for example include providing advice at the early stages of</p>	<p><i>Expenditure Approval and Business Case Processes</i> which recommended that the NICS adopt the Five Case Model approach to developing business cases (in line with the approach taken by Departments in GB). This has been supported by the launch of a <i>Better Business Cases NI hub</i> on the DoF website (https://www.finance-ni.gov.uk/articles/better-business-cases-ni) which provides supporting guidance and pro-forma templates for staff.</p>	Partially implemented.	<p>Improve the way in which departments work with Invest NI and SIB, ensuring that that partnership dovetails with Gateway™ and existing guidance on the obligations of the SRO.</p> <p>DoF told us that they are seeking to introduce a system of commercial case peer reviews across NICS to utilise existing expertise within the system; with the aim to</p>	<p>The recommendation is not currently likely to be fully implemented. However, DoF have told us that they want to use experience across the NICS to conduct commercial case peer reviews. This has the potential to address the spirit of the recommendation made by the Inquiry but is at too early a stage for us to consider.</p>

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13	<p>policy development; 'tyrekicking' and challenge; and joint training and job exchange schemes.</p> <p>Project boards are an essential element of project management oversight and must include individuals who can challenge and who are not directly responsible for the day-to-day delivery of the project. Such boards, in appropriate circumstances, can benefit greatly from the inclusion of individuals external to the Northern Ireland Civil Service, preferably with experience/expertise in the project subject matter.</p>	<p>Department considers that the recommendation goes beyond the two organisations mentioned.</p> <p>Whilst we acknowledge the benefits of engagement with expertise in the wider NICS beyond Invest NI and SIB, we still believe wider consideration of the practical expertise SIB and Invest NI can provide is necessary to consider the requirements of this recommendation fully addressed.</p> <p>The Department noted that there is nothing to preclude external membership of project boards and that it is not uncommon to find external members on NICS programme or project boards (particularly at phases of the project when their expert input adds the greatest value). The benefits of external appointments need to be balanced against issues of commercial sensitivity and potential conflicts of interest.</p> <p>DoF also told us that SROs are responsible for ensuring that they have the expertise they need to ensure successful project delivery, as</p>	Partially implemented.	<p>provide a more robust line of defence model for SIB and Accounting Officers, and that there is an intention to develop a medium to long term capability delivery plan, with measurable milestones by May 2022.</p> <p>The formal appointment process for programme and project SROs will be amended to ensure that SROs are aware of the benefits of external input to project boards as appropriate during the project lifecycle.</p> <p>The departmental Portfolio, Programme or Project offices can also record nomination of external members when the project board members are being appointed.</p>	The recommendation is likely to be fully implemented based on the planned action.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
14	The risks involved in implementation of an initiative must be tracked, re-considered regularly and used to manage, improve and adjust the project in real time. How the risks are being acted upon should be reported to the Project Board and to the relevant Minister.	<p>reinforced in DAO (DoF) 02/20 and DAO (DoF) 06/21. Access to this can come in a variety of ways, such as formal consultation, consultancy, Gateway™, and through overarching boards such as the Procurement Board or ALB Boards.</p> <p>The publication of DAO (DoF) 02/20 re-emphasised the need to continue to effectively apply the existing risk management processes embedded in programme and project best practice.</p> <p>For major programmes and projects, the application of existing independent assurance reviews, including Gateway™, incorporate an assessment of the effectiveness of risk management at key milestones. Poor performance in this area will result in report recommendations being made and Departmental Accounting Officers now have sight of every Gateway™ report produced for their department's projects. These reports can be made available to Ministers.</p>	Implemented.	Improve the reporting of risks to Ministers.	Implemented.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
15	Co-ordination of groups of projects aiming to achieve change in a particular sector – e.g. renewable energy projects – would be stronger through use of high level Programme Boards. Such boards should meet regularly and receive reports of relevant experience as to how the projects are working 'on the ground'. Had such a board existed, taken such reports and met regularly in relation to the NI non-domestic RHI scheme, it could have provided a forum for the exchange of knowledge and communication between the concerned departments and agencies (DETI/DfE, Invest NI, DFP/DoF, DARD/DAERA and CAFRE).	<p>Risk Management processes have been updated and reissued. The Orange Book has been revised and re-issued to all departments.</p> <p>The Department noted that a significant number of projects are currently overseen by interdepartmental project boards when it is appropriate to do so. Significant examples include EU future relations and Brexit, Covid recovery, PFG development, The Green Growth, Energy, Sustainable Development Strategies.</p> <p>The creation of departmental P3Os will provide visibility, and enable a more co-ordinated approach to groups of sector-specific projects across the departments.</p> <p>In February 2021, CPD facilitated the initial meeting of the group of departmental P3O staff with the view of creating an NICS P3O Community of Interest for information and knowledge exchange going forward.</p>	Implemented.	<p>Develop cross-departmental collaboration and coordination through the PFG outcomes-based approach and the promotion of collaborative behaviours.</p> <p>The CPD-hosted meetings will continue as a means of supporting the establishment of departmental P3Os.</p>	Implemented.
16	Where other government bodies, such as Ofgem, or	DAO (DoF) 2/20 has been issued and revised by DAO (DoF) 6/21 which	Implemented.	Ensure senior ownership of governance	Implemented.

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	<p>contractors or other third parties are involved in the implementation of a project, the 'home' Department must retain overall control and overall project management. The governance arrangement between the Northern Ireland department and the third party must be owned and led at a senior level in the department.</p>	<p>makes it clear that this is the responsibility of the SRO within a department.</p> <p>The Department noted also that MPMNI requires that all such relationships are governed by appropriate contractual or Memorandum of Understanding (MoU) arrangements.</p>		<p>arrangements with third parties.</p>	

Theme 3: Resourcing and People

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
8	<p>A fundamental shift is needed in the approach used within the Northern Ireland Civil Service with regard to recruitment and selection for government jobs. This must involve an up-front assessment of the skills that are required to fulfil the specific role in question, rather than matching a person to a role according to an individual's grade and level of pay. In time the Inquiry believes this should lead towards more job-specific recruitment and selection which must, of course, be fair, transparent and consistent with relevant employment legislation.</p>	<p>Our report on <i>Capacity and Capability in the Northern Ireland Civil Service</i> acknowledged that the majority of specialist, professional, technical and Senior Civil Service posts are recruited to specific roles. However, for general service appointments, we identified that recruitment arrangements do not always assess the skills and experience of prospective candidates nor consider these when matching successful candidates with vacancies.</p> <p>The PAC also recommended a fundamental review of recruitment and selection procedures in the NICs in its May 2021 <i>Report on Capacity and Capability in the Northern Ireland Civil Service</i>.</p> <p>A fundamental review of NICs recruitment policy is underway. Terms of Reference have been agreed by the Minister for Finance, and an advisory panel of external HR experts has been formed to support the review work.</p>	Partially implemented.	<p>Reform the role and sponsorship of the Civil Service Commissioners for NI. We note that this will require engagement with the Northern Ireland Office as Commissioners are appointed by the Secretary of State.</p> <p>Increase investment, resources and focus to support the continued work in relation to the key building blocks of workforce planning.</p> <p>Give specific focus to the review and development of the workforce model in terms of job roles, review of professions and resourcing mix.</p> <p>In developing the workforce model, ensure that the key functional skills important</p>	<p>The recommendation is likely to be fully implemented based on the planned action.</p> <p>We will, however, continue to monitor the effectiveness of actions taken to implement this recommendation in future reviews.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
		<p>The review will identify and agree a set of principles and a policy framework to ensure that the NICS is staffed with people who have the necessary skills and expertise for the job.</p> <p>DoF told us that this review is expected to support the NICS ambition to open up recruitment more widely, to attract the best possible candidates, and to expand the resourcing mix, that is, the mechanisms used to bring people, skills and expertise into the Civil Service. Examples of an expanded resourcing mix include greater use of apprenticeships, broadening secondment opportunities and introducing initiatives to support the employment of people furthest from employment (e.g. disabled people, young care leavers).</p> <p>Principles and guidance have been published to support the expansion of apprenticeships within the NICS, and two new apprenticeships developed within the areas of Procurement and Operational Delivery.</p>		<p>across the job role structure (e.g. policy and commercial skills) are incorporated into the model design with L&D delivery plans prioritised and aligned.</p> <p>Continue the review of the NICS approach to professions, based on the agreed Terms of Reference and aligning to the workforce model delivery plan.</p>	

RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	<p>Further alignment of NICS HR resources and operations to deliver on NICS corporate HR priorities including resourcing activities for critical posts.</p> <p>Job-specific appointments were made within the NICS generalist grades, for example the recruitment of policy experts at Grade 7 and SO level to work on EU matters, and the majority of SCS vacancies filled via individual, job specific, competitions.</p> <p>As at the end of Sept 2021, 925 staff were appointed from an open recruitment competition for SO / DP grades, matching candidates to roles based on their skills and experience.</p> <p>Early work has also started on improving workforce planning. This includes review and development of the NICS workforce model, identifying the professional, technical and, where required, formal qualifications needed to deliver the various job roles across the service.</p> <p>DoF told us that as key building block is determining the approach to</p>			

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		<p>supporting, mentoring and developing the various occupational groups / professions across the NICS and Terms of Reference for the review of NICS approach to professions have been developed, incorporating recommendations arising from NIAO and PAC reports.</p> <p>DoF has established a senior stakeholder group to: inform the review of recruitment and selection; inform the review and development of the NICS workforce model; and also to focus on recruitment priorities through delivery of a rolling recruitment planning process to fill departmental vacancies giving due regard to the skills needed.</p>			
9	Commercial and business awareness amongst policy officials, particularly those working in roles relating to the economy of Northern Ireland, must be improved.	<p>Training is now available on commercial awareness and on the related skills of project and programme management. Courses include:</p> <ul style="list-style-type: none"> • Commercial Skills; • Project Management; • Programme Management; • Managing Successful Programmes Practitioner; 	<p>Recommendation 9 as a whole: Partially implemented.</p> <p>This specific sub-recommendation concerning commercial and business awareness: implemented.</p>		<p>Recommendation 9 as a whole: The recommendation is not currently likely to be fully implemented.</p> <p>This specific sub-recommendation concerning commercial and business awareness: implemented.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
		<ul style="list-style-type: none"> • Project and Project Assurance: and • Programme and Project Risk. <p>A learning and development framework has been introduced for economists which includes commercial awareness.</p> <p>The NICS has piloted the Cabinet Office's "Commercial Skills Assessment and Development Centre" to evaluate its potential as a mechanism to improve commercial skills across NI departments.</p>			
	<p>It is important that the leadership of the Northern Ireland Civil Service also devise and provide clear guidance and training to relevant staff about the identification and handling of commercially sensitive information, including when engaging with third parties.</p> <p>This should include a clear process for escalating</p>	<p>The Department told us that in addition to the specific training and guidance on the handling of commercially sensitive information for those working in procurement (as set out above), the identification and handling of commercially sensitive information in general is an aspect of the existing guidance in respect of handling official information. This is to be found in the Guide to Physical, Document and IT Security, April 2014. The handling of official information is addressed in the 'Responsible for Information' e-learning</p>	Partially implemented.		<p>The recommendation is not currently likely to be fully implemented.</p> <p>Whilst we note the Department's response, we believe the guidance on handling commercially sensitive information should be directly communicated to all staff who may receive such information and that it is not sufficient to meet the recommendation to just rely on</p>

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	queries in relation to, and seeking clearance in respect of, what can be shared by officials, where necessary.	package. The renewed focus upon records management, including the security of information, has corroborated the importance of this aspect of the work of officials generally. Line managers are required to ensure that staff are sufficiently skilled to fulfil their role.			line management to identify appropriate staff to receive it. A more proactive approach coming from the leadership of the NICS is required.
	In addition, a wider range of opportunities and encouragement for policy civil servants to gain front-line business/ commercial and operational experience would be of benefit.	Additional talent management guidance has been developed for line managers and staff on development conversations and the full range of development opportunities available. These opportunities include trawls/transfers and opportunities via secondment and interchange.	Partially implemented.		The recommendation is not currently likely to be fully implemented. We note that the NICS Board has placed a temporary embargo on outward secondments due to critical resourcing pressures across the NICS and as such cannot currently consider this recommendation fully addressed.
10	The Northern Ireland Civil Service should consider what changes are needed to its guidance and practices on the use of external consultants arising from the experience of	Refer to parts <i>a</i> and <i>b</i> below of recommendation 10.	Not implemented.		The recommendation is likely to be fully implemented based on the planned action.

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	<p>RHI. Specific recommendations include:</p> <p>(a) that better assessments are needed at the outset of a given policy or project pre-procurement, as to what type of specialist support is to be sought from amongst the different types of available consultancies – for example, contracted-in specialist skills or stand-alone advisory reports or some appropriate combination of both; and</p>	<p>The responsibility for Senior Responsible Owners to assess the blend of resources required to deliver their programmes and projects (including the use of specialists) has been re-emphasised by the issue of DAO (DoF) 02/20 on the best practice in project delivery.</p> <p>We agree with the Department that actions taken in relation to recruitment and ensuring expertise needed are relevant, along with actions taken in relation to training and development in specific areas. However we believe further work is still required for evaluating the nature of specialist support.</p>	Partially implemented.	<p>Develop the Guidance on the Use of Professional Services including Consultants, including issues of the ‘intelligent customer’ role and the knowledge transfer needed.</p> <p>Develop the guidance on assessing the need for specialist support within project management / assurance methodologies, in the TEO Guide to Policy Making.</p>	The recommendation is likely to be fully implemented based on the planned action.
	(b) that far greater emphasis should be placed upon the resources and capabilities of the relevant Civil Service teams to manage the consultants and to make effective use of	No evidence has been provided of actions taken to date to implement this recommendation.	Not implemented.	Develop the Guidance on the Use of Professional Services including Consultants, including issues of the ‘intelligent customer’ role and the knowledge transfer needed.	The recommendation is likely to be fully implemented based on the planned action if the guidance developed under the planned actions is sufficient and appropriate.

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	their input, including knowledge transfer and retention after any consultancy contract has ended.			Develop the guidance on assessing the need for specialist support within project management / assurance methodologies, in the The Executive Office Guide to Policy Making. Develop the role of the SRO in ensuring they have the right skills available to them to deliver the policy, including externally-sourced expertise.	However, with no evidence of actions taken to date the lack of progress is disappointing.
24	Senior managers in the Civil Service must take responsibility for guiding and, where necessary, sequencing the timing of staff moves so that continuity of business is secured. This includes allowing sufficient time for transferring staff to hand over, and discuss in person, responsibilities with their successors.	We note the development of guidance and a template for knowledge transfer to support knowledge retention following personnel movements, issued to departments for implementation. The review of NICS recruitment policy incorporates the sequencing and flexibility of handling staff moves to secure business (alongside the ongoing work on talent management and skills development).	Partially implemented.	Complete the review of recruitment policy.	The recommendation is likely to be fully implemented based on the planned action, pending completion of the review of recruitment policy and assessing its impact on securing continuity of business.
	The Northern Ireland Civil Service should consider allowing those managers	The Department noted the current policy and practice that business areas are normally expected to release staff	Partially implemented.	Progress implementation of new processes and procedures that enable line	The recommendation is likely to be fully implemented based on the planned action, pending

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	<p>more flexibility in handling the timing of staff moves (e.g. in terms of retention, allowances and promotion in role) to help secure business continuity on complex projects.</p>	<p>within four weeks of an offer but have the scope to negotiate shorter or longer release dates as necessary.</p> <p>The review and development of managing internal staff moves is included in the Terms of Reference agreed by the Minister for the review of recruitment policy.</p>		<p>managers' capability and confidence in their people-management roles.</p> <p>Complete the review of recruitment policy.</p>	<p>completion of the review of recruitment policy and assessing its impact on securing continuity of business.</p>

Theme 4: Collaboration and Communication

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
17	The Northern Ireland Civil Service should take steps to draw on best practice from other jurisdictions to provide more support for professions within the civil service. The Inquiry specifically recommends:	Regarding the Economist profession, the Head of the NICS Economist Profession has developed links with both the GES and the IGEEES in order to share best practice and learning.	Partially implemented.	No evidence of any further planned actions was provided to the NIAO.	The recommendation is likely to be fully implemented based on the planned action, pending assessment of the improved professional opportunities for finance professionals within the NICS.
	(a) the establishment of a project management senior leader and a comprehensive programme of professional development; and	The NICS Board endorsed the establishment of an NICS Project Delivery Profession in March 2019, mirroring work undertaken by departments in GB. The new NICS Project Delivery Profession business unit was formed in March 2021. As part of the implementation process, a pilot of IPA's capability assessment tool - 'Government On-line skills tool' (GOST) was successfully concluded in July 2021. GOST is currently being rolled out across the NICS for project professionals to evaluate their current project delivery capability and identify areas for development. The tool also signposts recommended development approaches.	Partially implemented.	Ongoing implementation / embedding of the Project Delivery profession. A programme of development will be co-ordinated through Departmental P3Os. The review and development of the workforce model in terms of job roles, review of professions and resourcing mix will include completion of the work necessary to establish the Project Delivery profession, its job roles and career framework, including the	The recommendation is likely to be fully implemented based on the planned action.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	<p>(b) the development of improved professional opportunities for finance professionals and for economists within the Northern Ireland Civil Service</p>	<p>The Chief Executive of CPD is Head of Profession for Project Delivery</p> <p>Finance Professional DoF has been engaging with the Finance Directors group across the NICS on how it will build capacity and capability in the finance profession. Discussions are ongoing around a strategic approach drawing on the work of One Finance, the finance function in the UK Civil Service. Plans have commenced on streamlining recruitment processes for departments and preparation has begun for a bespoke induction programme for newly appointed finance professionals.</p> <p>Economists A rotation protocol was put in place and published in December 2018, setting out the guiding principles for career management and development of staff within the NICS Economist Profession.</p> <p>A Learning & Development (L&D) Framework has been developed and put in place for NICS Economist</p>	Partially implemented.	<p>appointment of a Head of Profession</p> <p>Deliver the strategy under development for the NICS finance profession, aligning delivery plans with the review and development of the NICS workforce model.</p>	The recommendation is likely to be fully implemented based on the planned action.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
18	More generally, we recommend a Northern Ireland government-wide framework for information exchange and, where appropriate, co-operation	<p>Profession staff. The framework provides a structured learning and development pathway for NICS Economists throughout their career. Course topics include economic/analytical subjects, policy, leadership, management and communication.</p> <p>Between October 2019 and January 2020, the vast majority of Economist staff received training on, and became accredited in, the Five Case Model. Remaining staff will receive training in due course but the Department was unable to indicate when this was expected.</p> <p>Commercial awareness is now identified as a mandatory skillset which economists are required to develop and maintain.</p>	Partially implemented.	Pending the development of revised structural frameworks following the intergovernmental review, arrangements will be made for peer learning event(s)	<p>The recommendation is not currently likely to be fully implemented.</p> <p>We consider that evidence of the positive impact on</p>

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	<p>between the Northern Ireland Civil Service, Whitehall Departments and (where relevant) departments of other devolved Governments and of the Government of the Republic of Ireland.</p>	<p>Initial work to address this recommendation, recognising that any framework had to be established with the cooperation of the other administrations, concluded that further work will be taken forward in the context of the UK Government's Intergovernmental Review, to ensure that any arrangements are consistent with, and take proper account of, new UK-wide frameworks.</p>		<p>to support existing and proposed working-level activity between administrations.</p>	<p>information exchange and co-operation from the framework and structures established under the intergovernmental review are required before we can conclude that this recommendation is addressed.</p>

Theme 5: Governance and Financial Controls

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
19	<p>The processes within a department for approving new expenditure and business cases including, where it forms part of that process, the role of Casework Committees, should be thoroughly re-designed to be more rigorous, testing and independent. Such processes should be less bureaucratic and pay greater attention to examining the unique features of the project proposed.</p>	<p>In July 2019, DoF's Strategic Policy Division produced <i>A Review of the Expenditure Approval and Business Case Processes</i> which recommended that the NICs adopt the Five Case Model approach to developing business cases (in line with the approach taken by Departments in GB). This has been supported by the launch of a Better Business Cases NI hub on the DoF website which provides supporting guidance and pro-forma templates for staff.</p> <p><i>The Review of Expenditure Approval and Business Case Processes</i> considered the role of Casework Committees in the approval process and recommended that they be rolled out across all departments, as a means of providing added assurance to the decision-maker in relation to significant or complex cases. As part of the Review, all departments were consulted and their views informed this recommendation. This was</p>	Implemented.	<p>Give consideration to the role of Casework Committees to ensure that they are rigorous and deliver the necessary scrutiny and independence, in line with the existing role of Gateway™ reviews.</p>	Implemented.

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		<p>reinforced by the Best Practice in Business Cases guidance issued in August 2021.</p> <p>Five Case Model Business Case e-Learning and webinar-based training courses have been developed by NICS Economists, and are available on the NICS learning platform for completion by all non-economist NICS staff. Work is ongoing to explore how these training products can be made available to staff in ALBs / NDPBs</p> <p>The DfE Casework Committee was reviewed by DfE's Internal Audit and following their report, issued in July 2018, several changes have been made. The role of the Committee has been clarified and its aim is to <i>“deliver better value for money for the taxpayer by challenging expenditure proposals on the grounds of deliverability, affordability and value for money”</i>. An explicit requirement has been included for the senior Grade 3 official submitting the expenditure proposal to highlight complexities</p>			

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
20	<p>Public expenditure rules should be sufficiently flexible so that false economies can be avoided. In order to deliver a policy objective, Departments should not be required to choose a more expensive option in overall terms because they cannot use the available funding in a flexible cost-effective way. The Department of Finance should engage with HMT to determine how such false</p>	<p>within the proposal which may require the Casework Committee to engage specialist skills or expertise to support their assessment. Economists are now prohibited from being involved in both the spend proposal and providing advice to the Casework Committee. The DfE Finance Division are also now required to make a formal assessment of affordability. Several other minor improvements were also introduced following a further DfE review of the Casework Committee in April 2019.</p> <p>Public expenditure in NI is governed by the UK Budgeting rules set by HM Treasury (HMT). These rules mean that there is limited flexibility available to the Executive in some areas.</p> <p>During the latest iteration of the Statement of Funding Policy (published November 2020) which governs the rules by which HMT implements flexibility from one year to the next, agreement was reached to increase the Resource</p>	Implemented.		Implemented.

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21	<p>economies, impacting as they must on the value for money taxpayers receive for the funds they provide, can be identified and avoided in the future in respect of government initiatives in Northern Ireland.</p>	<p>DEL carry forward from 0.6% of the Budget to 0.75% of the Budget. This additional flexibility will take effect from 2021-22.</p> <p>DoF has engaged with HMT on this issue and HMT has confirmed that the budgeting rules are set by HMT with the macro-economic picture in mind and NI is expected to abide by such rules. In future should similar arrangements occur for another scheme, HMT is content that DoF discuss the position with it and explore what could be done within the budgeting rules that exist at the time.</p>	Implemented.		Implemented, however we intend to evaluate the impact of the actions taken by DoF at a later date.
	<p>The Department of Finance's distinctive role in scrutinising business cases should be searching and sceptical, guarding against over-reliance on the assurances offered by the applicant department.</p>	<p>The previously mentioned <i>Review of the Expenditure Approval and Business Case</i> processes that was completed by DoF in 2019 made a number of recommendations aimed at improving the decision-making process around expenditure decisions within the NICS.</p> <p>As well as the move to the Five Case Model for preparing business cases, the Review made a number of other recommendations aimed at removing an over-reliance on</p>			

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		<p>assurance from others. This included that DoF should introduce a best practice guide setting out the roles and responsibilities of all parties involved in the expenditure approval process. This Guide was issued in October 2020 and is aimed at clarifying who is responsible for making expenditure decisions and who should provide advice. The application of the Five Case Model and associated best practice guidance is aimed at making decision-making more transparent and robust.</p> <p>A revised covering pro forma has been issued to departments which must be used when business cases are being submitted to DoF Supply for approval. This asks departments to indicate what professional advice their Accounting Officer has received around each of the Five Cases when reaching their final approval decision.</p> <p>DoF Supply receives advice from economists in DoF's Strategic Policy Division when departments seek</p>			

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		<p>expenditure approval. A Learning and Development Framework has been put in place for the Economist profession as well, to ensure that staff gain experience working in a range of departments. This gives them the experience and knowledge to scrutinise business cases without relying on assurances from departments seeking approval.</p> <p>Economists in DoF who review business cases have undertaken appropriate training including HMT's accredited training programme. A range of training products has also been developed and made available to non-economist staff to share experience and knowledge. All of this, coupled with HMT's specific guidance on how to review a business case, ensures that staff, and in particular those in Strategic Policy Division and DoF Supply, have the necessary knowledge and skills to interrogate a business case and the information supplied by departments when seeking approval.</p>			

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22	<p>Particularly where a policy initiative is demand-led, novel, complex and/or likely to be lengthy, consideration should be given to increasing Department of Finance involvement from an early stage and on an ongoing basis, including a more proactive role in monitoring the financial progress of the relevant initiative, rather than merely reactively dealing with periodic requests for additional expenditure or approval.</p>	<p>A further recommendation was that the advice provided by economists and others should be shared between parties when business cases are being submitted for approval, to improve transparency around decision-making processes prior to DoF approval being sought.</p>	Partially implemented.	<p>Consideration by DoF of the introduction of an Approval Panel for the highest cost and most complex proposals.</p>	<p>The recommendation is not currently likely to be fully implemented.</p> <p>We believe that more work is needed to develop a proactive role for DoF to monitor financial progress of an initiative on an ongoing basis as recommended by the Inquiry.</p>

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23	<p>Ministers should always be advised of any conditions attached to the approval of a policy or project by the Department of Finance. The Department of Finance should also require, and be kept informed of, regular reviews to ensure compliance with such conditions by the spending department.</p>	<p>inception right through to final procurement. For those projects costing over £50 million or which are considered novel or contentious, the SOC must be submitted to DoF Supply for approval. Such projects cannot proceed to OBC stage without DoF approval which provides DoF Supply with an opportunity to comment and give advice around the most expensive, complex and otherwise novel cases, prior to departments committing significant resources in business case development.</p>	Implemented.	<p>On an ongoing basis, as part of the Annual Assurance Statement, departments will be asked to confirm:</p> <ul style="list-style-type: none"> • that the appropriate approvals process has been followed for all expenditure; • that Ministers have been made aware of conditions that apply to all expenditure approvals as standard 	Implemented.

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29	<p>The finance function within a department should exert the necessary authority and capability to fulfil the requirements of <i>'Managing Public Money Northern Ireland'</i>, namely to retain a firm grasp of the organisation's financial position and performance.</p> <p>The Inquiry recommends that the Department of Finance take action to review and, if necessary, strengthen the leadership of and support for the finance functions within departments of the Northern Ireland Government.</p>	<p>We understand DoF has recently led Finance Director Forum meetings to co-ordinate complementary induction processes for newly recruited members of the Finance Profession.</p> <p>DoF-led Finance Director meetings have been re-established to share knowledge and experience and to improve understanding across departments.</p>	Partially implemented.	<p>and specifically have been made aware of any non-standard conditions that have been applied to expenditure; and</p> <ul style="list-style-type: none"> that they are content that all expenditure activity has adhered to the conditions of its approval. <p>Progress and finalise the review of MPMNI.</p> <p>Deliver the strategy currently under development for the NICS finance profession.</p>	<p>The recommendation is likely to be fully implemented based on the planned action.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
30	Civil servants who are responsible for holding and monitoring a budget should have to demonstrate core requirements in financial literacy and an understanding of how public spending operates, including what is expected of them according to the core guidance contained in <i>'Managing Public Money Northern Ireland'</i> . The Inquiry recommends that the financial training requirements for budget holders be reviewed and updated.	Available training includes an online package on public expenditure. This training is for budget holders and general service grades and explains the NI Public Expenditure process and the local Budget Setting Process.	Partially implemented.	At a later stage consider the demand for a further classroom-based training course. As part of that process DoF will engage with Finance Directors on departmental requirements. Should there be demand for such a course DoF will develop this in conjunction with the Centre for Applied Learning. There are no current plans for further classroom-based training courses due to the Covid pandemic.	The recommendation is likely to be fully implemented based on the planned action.
31	Any imperative to spend a budget within a given timeframe should not be allowed to take precedence over how that budget is used and the longer term benefits and overall value of such expenditure. Ministers, Special Advisers and the Northern Ireland Civil Service all share responsibility for	Under the previously mentioned Five Case Model for assessing expenditure decisions, the financial and commercial cases will be addressed separately. This will improve the opportunities for a specialist to examine the expenditure proposal and improve the advice provided to the decision-maker, compared to the process under the previous approach.	Implemented.		Implemented.

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	ensuring best practice in the use of taxpayers' money.	The move to the Five Case Model is expected to improve the quality of decision making through ensuring that the decision-maker has all the necessary advice from the relevant specialists, including financial advice. This leads to more transparent and effective decision making around expenditure approval decisions.			
32a	The checks and balances within a department designed to catch problems early failed over many years in DETI to identify certain of the risks of the RHI or their materialisation. All departments would benefit from reviewing how their governance systems work in practice in order to ensure that they are widely understood and actively used by staff. Leaders should set the tone and expectation for strong governance and risk management.	As previously mentioned, DoF issued guidance to Accounting Officers in May 2020 to apply the updated HMT Orange Book setting out the latest approach to Risk Management. The revised Orange Book guidance moves to a more practical guide by providing a non-technical, clear and concise guide to the concept of risk management.	Partially implemented.	No evidence of any further planned actions was provided to the NIAO.	The recommendation is not currently likely to be fully implemented. Whilst the changes in risk management are welcome we do not believe these address the Inquiry's recommendation in isolation as the recommendation has a practical focus, asking all departments to review the use and understanding of governance systems. We note that DoF has identified and brought to our attention issues it has

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33	<p>The protocol for relations with HMT, namely that the Northern Ireland Department of Finance must be the sole conduit of formal communication, should be reinforced and widely understood across the Northern Ireland Civil Service. The Department of Finance, for its part, must recognise that its unique relationship with HMT places on its officials a responsibility to be alert to, and act expeditiously upon, the requirements of all other departments in matters</p>	<p>A protocol clarifying how the NICS should engage with HMT in GB was issued through DAO (DoF) 04/19.</p> <p>The protocol reinforced that communication with HMT should primarily be through the Public Spending Directorate in the Department of Finance.</p> <p>Where departments are discussing policy with respective GB departments (including devolved administrations) they are required to keep the Public Spending Directorate informed of discussions relating to HMT funding.</p>	Implemented.	<p>Keep the information sharing and knowledge transfer protocols under review, engaging with HMT and departments on their effectiveness and revising where necessary.</p> <p>Assess position with both HMT and departments and review any breaches for lessons learned as part of its first review.</p>	<p>identified in departments, such as irregular expenditure, in the years since RHI. This is to be welcomed but reflects that departments have failed to adequately improve their own governance structures to prevent such issues prior to the launch of an initiative or detect such issues at sufficiently early stage.</p> <p>Implemented.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	relating to HMT; and to communicate clearly and effectively with those departments as to HMT's position in respect of the spending Department's financial envelope.				

Theme 6: Record Keeping

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
26	<p>Notes of significant meetings between officials and ministers, particularly those affecting decision-making and spending, must be taken and retained. The responsibility for ensuring this is done should be clearly identified and compliance should be ensured in practice.</p>	<p>The requirement to keep accurate official records has been reinforced through a revision to the NICS Code of Ethics (referred to above under <i>Ministers and Special Advisers</i>), which is anticipated to be published in the near future. The Code of Ethics also applies to Special Advisers (except for requirements to be appointed on merit and behave with political impartiality).</p> <p>The revised Code of Ethics includes an explicit requirement that staff must “<i>keep accurate official records, including minutes of ministerial meetings, and handle information as openly and transparently as possible within the legal framework</i>”.</p> <p>The existing record keeping culture in the NICS has been reinforced through the support available through the Records Management Hub, and through the changes to private offices in respect of ministerial meetings.</p>	<p>Implemented (the revised Code of Ethics was issued in February 2022).</p>	<p>Establish formal project under Senior Civil Servant SRO to examine what the NICS requires in a records management system in 2020 and beyond.</p> <p>Carry out a reporting exercise to ensure that products designed to address these recommendations have been appropriately embedded within all departments.</p>	<p>Implemented.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
27	<p>Ministers' responses to submissions should be formally and timeously recorded and disseminated to officials by the Minister's Private Office. That responsibility should not be left to policy teams. One clear corollary is the need for a better system to carry out these essential administrative tasks and the Inquiry recommends a much stronger role for ministerial Private</p>	<p>The Functioning of Government (Miscellaneous Provisions) Act 2021 requires that relevant arrangements are in place to create and retain a written record of relevant meetings to conduct official business between Ministers, Special Advisers, civil servants or third parties. Ministers and Special Advisers are also required to take reasonable steps to ensure a civil servant attends meetings with third parties about official business.</p>	Implemented.		Implemented.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	Offices which should be staffed by officials capable of supporting Ministers in this and other tasks to a high standard.	Private Office Guidance was revised and re-issued in March 2021 in light of recent experience and requirements of the Functioning of Government Act.			
28	The culture and practice of record keeping and access to records within the Northern Ireland Civil Service needs to change so that staff responsible for a given area of work have easy access to the analysis and decisions underpinning the policy or initiative on which they are engaged.	<p>The requirement to keep accurate official records has been reinforced through a revision to the NICS Code of Ethics.</p> <p>A data protection and information management hub has been launched on the NICS intranet.</p> <p>Projects were initiated and completed to review the NICS' Records Management policies and practices and also review how the current electronic document records management system, Hewlett Packard Records Management (HPRM), but also commonly known by the acronym of its predecessor system TRIM), could be optimised. Existing policies were updated as required and new policies were also developed. A range of supporting guidance and training was also developed. These</p>	Implemented.	<p>Further address the culture and behaviours surrounding record keeping in the NICS.</p> <p>Further work by the NICS Information Management Council is planned to follow up on the progress of implementing the changes from the Records Management and HPRM reviews.</p>	<p>Implemented.</p> <p>However, it will take time to fully address the culture and behaviours surrounding record keeping which were identified by the RHI Inquiry.</p> <p>Since failings over RHI emerged we have identified some similar issues of a lack of transparency during the course of our financial audit and public reporting work. It is important that work continues to change the culture generally to one of more openness and transparency.</p> <p>We will continue to monitor for cultural improvements in openness and transparency</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
		<p>new policies and training are being embedded across Departments.</p> <p>In June 2021 all departments were asked to confirm if they fully, partially or did not accept the recommendations from the NICS Records Management and HPRM optimisation reviews. All departments accepted all recommendations.</p>			<p>across the NICS in future reports.</p>
	<p>Regular audits of record keeping should be undertaken so as to ensure that important information is recorded, is easily identifiable, is readily accessible and remains so for as long as is necessary in respect of any policy or initiative.</p>	<p>As part of the previously mentioned Review of Records Management project, a new NICS Records Management Governance Framework has been developed. The Governance Framework was endorsed by the NICS Information Governance Board in December 2020 and is being considered for implementation by departments.</p> <p>The Governance Framework details the process for carrying out regular records management health checks to assess compliance for storing official records with Records Management policies and procedures.</p>	<p>Not implemented.</p>	<p>In June 2021 all departments were asked to confirm if they fully, partially or did not accept the recommendations from the NICS RM and HPRM optimisation reviews. All departments accepted all recommendations. In December 2021 departments were asked for an update on implementation.</p> <p>NICS Information Management Council has developed a work programme to implement</p>	<p>The recommendation is likely to be fully implemented based on the planned action.</p> <p>We would recommend that GIAFIS monitor compliance with standards and processes for record keeping across all departments on an ongoing basis, particularly where matters should be documented for complex or major decisions.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
				the necessary recommendations. Each individual work task will have its own timeframe.	
	<p>In addressing this recommendation, there should be a review of the NICS electronic information management system and how it is used by civil servants. Steps should be taken to ensure that the systems which civil servants are expected to use are fit for purpose and facilitate the easy saving, storage and subsequent location and use of relevant material.</p>	<p>An extensive programme of work has been undertaken by the records management community across the NICS, led by the Information Governance Board.</p> <p>A data protection and information management hub has been launched on the NICS intranet with links to NICS Record Management Policy, Record Management Governance Framework, Email Management policy and guidance.</p> <p>A records management training strategy has been developed and a new e-learning package and guidance has been created.</p> <p>Projects were initiated in July 2019 to review the NICS's Records Management policies and practices and also to review the current electronic document records management system Hewlett Packard Records Management</p>	Partially implemented.	<p>Establish formal project under Senior Civil Servant SRO to examine what the NICS requires in a records management system in 2020 and beyond. The programme board for this project met for the first time in March 2021.</p> <p>An initial scoping exercise under this review was due to be completed in June 2021 however has been delayed.</p> <p>The NICS are currently considering migrating to Microsoft Office 365 (MS365) and how this would align with obligations for future retention, accessibility, utilisation and disposal of NICS information records. A Proof of Concept for</p>	The recommendation is likely to be fully implemented based on the planned action.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
		<p>(HPRM), but also commonly known by the acronym of its predecessor system TRIM). Recommendations from these two reviews are in the process of being fully implemented by departments individually.</p> <p>In January 2020, the IT Assist Records NI Team reviewed the HPRM 8.3 upgrade options and recommended Content Manager (CM) 9.4 for approval. The project to upgrade to Content Manager was initiated in February 2020 and in November 2020 the NICS environment was upgraded to Content Manager 9.4, providing additional functionality, with the Department of Justice expected to follow.</p> <p>The following products have emerged from these two projects to date (with many being added to the NICS Managing Information intranet site):</p> <ul style="list-style-type: none"> • Creation of the NICS Managing Information website; 		<p>records management in MS365 is currently being considered with a number of pilot users. The results from this concept will inform the future direction for a records management system.</p>	

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		<ul style="list-style-type: none"> • NICS Record Management Policy; • NICS Record Management Governance framework; • NICS Record Management Training Strategy; • Processes and procedures document for Retention and Disposal of electronic records; • Review process of laying departmental Retention and Disposal schedules; • NICS Content Manager Governance Framework; • NICS Email management policy; • Email management guidance; • HPRM eLearning developed; • NICS naming conventions best practice guidance; • Retention and Disposal (R&D) policy statement; • Retention and Disposal (R&D) policy; • Public Record Office of Northern Ireland selection policy statement; 			

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		<ul style="list-style-type: none"> • NICS Records Management Desk Aid; • "Records Matter" guidance document; • Standard NICS Retention and Disposal schedule templates; and • Review of current departmental Retention and Disposal schedules. 			

Theme 7: Raising a Concern

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
32b	Civil servants should be encouraged not to feel in any way inhibited about disclosing problems, raising concerns, negative aspects or adverse criticisms of a project as necessary to ensure that decisions are properly informed.	<p>The revised NICS Code of Ethics clarifies the options available to civil servants should they believe they are being required to act in a way which conflicts with the Code of Ethics.</p> <p>New arrangements detail how concerns with a Minister's instruction can be escalated if they are not addressed. There is also an explicit requirement for civil servants to give appropriate consideration to concerns raised from outside the NICS.</p> <p>A <i>Whistleblowing Across the NICS</i> review was published by NICS GIAFIS in September 2019. The review was not satisfied with the whistleblowing arrangements in three departments and recommended the adoption of an NICS-wide whistleblowing policy rather than each individual department developing their own policy. The review also recommended that all departments</p>	Partially implemented.	<p>Implement the remaining recommendations of the GIAFIS review.</p> <p>Launch and promote the revised NICS Code of Ethics (note the revised Code of Ethics was issued February 2022).</p> <p>Finalise and launch the encompassing 'Raising Concerns' policy informed by the NIAO Good Practice Guide.</p> <p>Provide appropriate guidance to managers, staff and the public about addressing concerns in the NICS.</p> <p>Appoint Speak-Up Champions.</p>	<p>The recommendation is likely to be fully implemented based on the planned action.</p> <p>The NIAO intends to perform further work on assessing how well improvements to recording and responding to concerns raised have embedded across the public sector.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
		<p>consider creating a dedicated whistleblowing team and that an NICS-wide training package on whistleblowing be developed. We understand that all departments have now created a dedicated whistleblowing team.</p> <p>Work has progressed on an overarching <i>Raising a Concern</i> policy to address when things go wrong (in a wider context than whistleblowing alone), informed by the NIAO's <i>Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector</i>, and putting whistleblowing alongside other forms of concerns and complaints.</p> <p>Of the three departments identified with deficiencies, a departmental level review of whistleblowing in one department is due to commence in January 2022. For the other two departments, follow-up reviews are due to take place once the <i>Raising a Concern</i> policy has been implemented.</p>			

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
34	<p>The Northern Ireland Civil Service should have regard to best practice elsewhere about how to respond effectively when serious problems emerge, such as those that did so with the non-domestic NI RHI in the summer of 2015, by, for example, establishing a parallel investigatory team and/or developing a specialist capacity within the internal audit service that can be rapidly deployed to assess the situation.</p>	<p>Following the centralisation of internal audit services in October 2017, GIAFIS developed its investigation capacity to support the delivery of fraud (and other) investigations. This included training staff across GIAFIS in investigative techniques and establishing a whistleblowing investigation team for the Department of Education and Department for Communities (although other departments have utilised the resource in this team).</p> <p>GIAFIS currently has 17 trained investigators spread across all internal audit teams and smaller scale investigations are regularly undertaken within individual departments.</p> <p>For larger scale and/or more complex investigations, an investigation team is drawn from staff across GIAFIS. An example of this in practice was the <i>Investigation of Vehicle Lift Faults in NI MOT Centres</i> which was undertaken for the Department for</p>	Implemented.		Implemented.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
35	<p>Better systems are needed for spotting early warnings and concerns from the public and businesses that something unexpected could be happening or going wrong with an initiative. Simply updating existing complaints and whistle-blowing policies, although helpful, will not be sufficient, since relevant intelligence often does not come through these routes. The default response amongst officials should be one of curiosity rather than assuming the concern is misplaced.</p>	<p>Infrastructure by a cross departmental investigation team of GIAFIS staff.</p> <p>Included within the revised draft of the NICS Code of Ethics (which was launched in February 2022) is a requirement for civil servants to give consideration to concerns raised by those outside the NICS and ensure that such concerns are properly addressed.</p>	<p>Partially implemented.</p>	<p>The NICS aims to endorse a culture of curiosity and challenge.</p> <p>The development and roll-out of the single overarching <i>Raising a Concern</i> policy is being used as a vehicle for encouraging a change in culture, as well as ensuring that all concerns are given attention, no matter how they have been raised. The launch and promotion of the revised policy is intended to address the use of language around concerns, and staff and management attitudes.</p> <p>The policy will address how Departmental management (including Boards) are apprised of the number and nature of concerns being</p>	<p>The recommendation is not currently likely to be fully implemented.</p> <p>The revision to the Code of Ethics and the plans to develop a system with a responsible team for raising concerns in all departments are welcome, however we will need to assess the impact of this new system for collating concerns raised and how they are considered by departments. Work is still needed to address the recommendation that, where appropriate, officials investigate the implementation and operation of schemes in practice.</p>

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				<p>raised, and are provided with analysis of trends.</p> <p>The policy will be accompanied by explanatory guidance for managers, staff, members of the public, and responsible teams.</p> <p>This development of the new policy will be accompanied by the identification of champions within the NICS who will provide the necessary leadership to support changes to practice and culture.</p>	
	<p>We recommend that all Northern Ireland departments review their processes for obtaining, handling and responding to information from multiple routes, to ensure that they have robust systems to pick up early warnings and repeated signals,</p>	<p>No evidence has been provided of actions taken to implement this recommendation.</p>	<p>Not implemented.</p>	<p>The single, overarching <i>Raising a Concern</i> policy being developed will give the responsible team within each department the task of collating records of concerns being raised, and of briefing the Departmental Board.</p>	<p>The recommendation is likely to be fully implemented based on the planned action.</p>

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	as well as evidence that a policy is working as intended.			The roll-out of the policy will be the basis for all departments to review internal processes.	
	Consideration should be given, in appropriate cases, to encouraging relevant officials to investigate the implementation and operation of a scheme in practice.	No evidence has been provided of actions taken to implement this recommendation. Whilst the review of the implementation and operation of schemes is a standard practice in the assurance process, we believe more can be done to encourage practical investigation.	Not implemented.	No evidence of any further planned actions was provided to the NIAO.	The recommendation is not currently likely to be fully implemented.
36	The Northern Ireland Civil Service should develop a better process to learn from past failures, one that goes beyond the traditional method of revising and circulating internal guidance. Leaders within the Senior Civil Service must be more systematic, persistent and proactive in explaining to staff what changes are needed and supporting staff to adapt their working practices. A tougher level of external scrutiny, such as from the non-executives on the boards of departments and	No evidence has been provided of actions taken to implement this recommendation. The Department told us that it considers this to be a statement and not a separate recommendation.	Not implemented.	Enhance the role of Departmental Boards, including the role of Non-Executive Directors and Ministers, and review the remit and agenda of Boards.	The recommendation is likely to be fully implemented based on the planned action.

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations by September 2021	Status of Recommendation by September 2021	Further planned action to implement recommendations	NIAO Assessment of the extent to which the recommendation has been implemented, or will be implemented by planned action
	from strengthened Assembly Committees, while no guarantee of success, would increase scrutiny and help ensure that systematic changes are made and sustained.				

Other Recommendations

	RHI Inquiry Team Recommendation	Summary of actions taken to implement recommendations
38	<p>The Northern Ireland Assembly should consider what steps are needed to strengthen its scrutiny role, particularly as conducted by Assembly Committees, in the light of lessons from the RHI. While it will be for the Assembly itself to decide, the Inquiry recommends that such a consideration might include significantly increasing the resources available to statutory committees and, generally, identifying what steps are needed to improve the effective scrutiny of departments and their initiatives, whether in Assembly Committees or in the Assembly Chamber itself.</p>	<p>The Chairpersons' Liaison Group (CLG) has included responding to this recommendation within its Forward Work Programme, with Terms of Reference for a review on the effectiveness and resourcing of Assembly committee scrutiny agreed in May 2020.</p> <p>The CLG has also received briefs and presentation of research and best practice on the subject of strengthening the scrutiny role of Assembly Committees.</p> <p>We note that under the Functioning of Government (Miscellaneous Provisions) Act ministers and departments have a duty to report information requested by a committee of the Northern Ireland Assembly which it reasonably requires. The Act also requires ministers and departments to provide briefings and statements to the relevant committee and in the Assembly on changes arising from the in-year monitoring rounds.</p>
44	<p>The recommendations for change made here, to the extent they are adopted, will take time to implement; they may indeed not even be sufficient to address the range of shortcomings revealed by the Inquiry. The Inquiry therefore recommends a role in future for the Northern Ireland Audit Office in assessing and validating the extent of progress in implementing the lessons learned from the NI RHI scheme and implementing these recommendations, including reporting on such progress periodically to the Northern Ireland Assembly and the people of Northern Ireland. The Inquiry further recommends that the Northern Ireland Audit Office is provided with sufficient additional resources so as to enable it to perform such a role.</p>	<p>In line with recommendation 44, this first update report assesses and validates “the extent of progress in implementing the lessons learned from the NI RHI scheme and implementing these recommendations”.</p>

NIAO Reports 2021 and 2022

Title	Date Published
2021	
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Closing the Gap - Social Deprivation and links to Educational Attainment	05 May 2021
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The NI Budget Process	29 June 2021
A Strategic Approach to the Use of Public Sector Assets	21 October 2021
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2022	
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The COVID-19 pandemic: Supply and procurement of Personal Protective Equipment to local healthcare providers	01 March 2022



Published and printed by CDS

CDS 269786

