

Finance Branch
Netherleigh,
Massey Avenue,
Belfast BT4 2JP

29 March 2011

To: Heads of Divisions, DETI

Mr Sterling }
Mr Lewis } without
Mr Thompson } attachments
Mrs Brankin }

From: Trevor Cooper, Finance Division

BUDGET ALLOCATIONS 2011/2015

1. I am writing to confirm Administration, Resource and Capital budgets for 2011/12 and indicative Resource and Capital budgets for 2012/2015, which you should disseminate to branches within your division.
2. Please note that these budgets reflect the existing 2010/11 divisional structure, and have not been amended to reflect the new divisional structure resulting from the organisational review. Finance Branch will re-issue budgets where appropriate once the new structures have been put in place and staffing levels agreed.
3. I attach;

Administration

- **Annex 1** which sets out details of salary and GAE budgets for 2011/12, excluding vacant posts where a budget transfer would be effected when the post is filled;
- **Annex 2** which sets out details of potential budgets for vacant posts at 31 January 2011; and
- **Annex 3** which sets out details of current temporary redeployments at 31 January 2011.

Programme

- **Annex A** which sets out your Resource budget for 2011/15;
- **Annex B** which sets out your Capital budget for 2011/15; and

- **Annex C** which sets out any successful Budget 2010 bids, and adjustments from the Draft Budget position.
3. Budgets have eight distinct elements, which must be controlled **independently**. The budget controls comprise:

Resource Budget

1. Administration
2. Other resource
3. DEL Resource Depreciation/Impairments

Capital Budget

5. Capital Grant
6. Capital

Ring Fenced Budget

6. EU Competitiveness Programme
7. EU Interreg Programme
8. Annually Managed Expenditure (AME)

4. Any proposed in year movement between the above components of the budget should be submitted for the required approvals in monitoring rounds which in most cases will involve DETI, DFP and the Executive. You should also bear in mind that Treasury constraints exist to prevent movement from Capital to Resource budgets.

Administration Budgets 2011/12

5. The Administration budgets have been calculated by using January salary actual costs and projecting these over 12 months. These have then been uplifted by 5.2% to reflect the estimated costs of the 2010/11 and 2011/12 pay uplifts and estimated increases in pension and national insurance contribution costs. This percentage has been used for planning purposes, as the actual amounts have not been agreed. GAE budgets reflect the opening budget position for 2010-11. Any successful Administration bids have also been included in Annex 1 where appropriate.
6. **It is important that you thoroughly check your Administration budgets for the coming year to ensure that they reflect the needs of your division, and notify Finance Branch of any potential over/under provision.**
7. Finance Branch will carry out a review of Administration budgets in the coming weeks and make any necessary budget changes to reflect staff movements as part of the organisational review.

Administration Budgets 2012/13 to 2014/15

8. The departmental Administration budget will be under severe pressure in forward years. The DETI Administration budget has been rolled forward on a flat line basis. Were there not to be any further efficiencies generated within the department, a deficit in Administration budgets is projected from 2012/13 to 2014/15. Plans will therefore need to be put in place during 2011/12 to manage these deficits. Indicative budgets for 2012/13, 2013/14 and 2014/2015 would be issued whenever these plans have been formulated and agreed.

Programme Budgets 2011/12 to 2014/2015

9. In the current public expenditure environment it is unlikely that additional resources will be secured in year. Consequently, it is important that you plan to live within your proposed Resource and Capital budget. Therefore, you should plan to address any pressures through reprioritising within your resource budget. In particular, you should monitor non-cash costs closely as pressures in this area will have to be absorbed and will impact on spending power. I would remind you that **under no circumstances should commitments be entered into without budget cover.**
10. It is vital that budget holders seek to maximise Capital expenditure while ensuring value for money from all expenditure. **There is a danger that, if budgets are not used in the allocated financial year, this could result in the loss of funding for projects. It is therefore essential that budget holders consider the accuracy of Capital expenditure profiles.** Where slippage is identified you should seek to manage this by accelerating other projects/programmes where possible.
7. It is important that you review your budgets to ensure they are classified correctly under the headings given in paragraph 3 above.
8. Details of relevant Unit of Service, Unit of Business, HMT Record Number and ISNI Project ID Code have been provided to assist in completion of the proformas for monitoring purposes.

EU Interreg IVA Programme

9. EU Interreg IVA Programme budgets (including match funding) have been centralised and are held by EU Programmes Division. Should a Division have a proposal to take forward an Interreg project in the future where DETI is the lead partner, the funding arrangements should be discussed in advance with EU Programmes.

11. Please contact Jeff Partridge (ext 29368), Linda Donaldson (ext 29446) or Adrian Goodman for Administration (ext 29643) if you have any points you wish to raise or require clarification.

A handwritten signature in dark ink, appearing to read "Trevor Cooper". The signature is written in a cursive style with some loops and flourishes.

TREVOR COOPER

Enc.