

From: [Partridge, Jeff](#)
To: [Coyne, Terence](#)
Subject: FW: JANUARY MONITORING TECHNICAL EXERCISE 2015-16 AND AME FORECAST 2015-16
Date: 07 November 2016 10:08:31
Attachments: [image001.gif](#)
[Sub to Minister - January Monitoring 2015 Technical Exercise \(2\).doc](#)

Sub to Minister on January Monitoring and AME exercise 5/1/16

From: McCoy, Laura **On Behalf Of** Cooper, Trevor
Sent: 05 January 2016 10:47
To: McCormick, Andrew (DETI)
Cc: Rooney, Eugene; Brankin, Bernie; Partridge, Jeff; Hill, Janice
Subject: JANUARY MONITORING TECHNICAL EXERCISE 2015-16 AND AME FORECAST 2015-16

Please see attached submission from Trevor Cooper.

Regards,

Laura McCoy

Personal Secretary
Department of Enterprise, Trade & Investment
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FROM: Trevor Cooper

DATE: 5 January 2016

Copy Distribution List Below

TO: 1. Andrew McCormick
2. Timothy Cairns
3. Jonathan Bell, MLA

JANUARY MONITORING TECHNICAL EXERCISE 2015-16 AND AME FORECAST 2015-16

Issue: Departments have been asked for technical adjustments that do not require Executive approval, along with an AME forecast for 2015-16.

Timing: **URGENT.** Returns are due with DFP by Monday 4 January 2016.

Need for referral to the Executive: Executive approval is not required. DFP is in the lead.

Presentational Issues: N/A.

Freedom of Information: It may be possible to claim exemption for this submission as policy under consideration.

Programme for Government /PSA Implications: None identified at this stage.

Financial Implications: Proposals include reduced requirements totalling £2.4M Resource and £0.5M Capital. It is also proposed that £6M Financial Transactions Capital be released, and £6M Direct Capital bid for in relation to the refinancing of the Northern Ireland Science Park Concourse 11 building. The submission also proposes de minimis reallocations to meet pressures totalling £0.3M Resource and £0.9M Capital from de minimis easements. Finally, the submission covers the adjustments proposed in relation to Annually Managed Expenditure.

Legislation Implications: Not Applicable.

Statutory Equality: High-level Impact Assessments have been completed for all in-year monitoring proposals.

Recommendation: It is recommended that you consider the information below and confirm:

- a) That you are content that we present these proposals in the DETI submission to DFP for the January Monitoring Technical exercise; and
- b) That you are content for this material to be used to prepare briefing for the ETI Committee.

Background

1. I wrote to you on 3 November setting out details of proposed adjustments covering November Monitoring, and advising that a further technical January Monitoring exercise would be commissioned to provide departments with a further opportunity to submit proposals for internal allocations ahead of the Spring Supplementary Estimate process.
2. The focus in this round is to enable departments to adjust their budgets within the agreed allocations to set the final position ahead of the Spring Supplementary process, and is the last opportunity to formally approve changes to budgets. This January exercise only permits adjustments that do not require Executive approval such as internal reallocations and technical transfers. As commissioned by DFP it is not intended to deal with substantive bids. Therefore whilst we will submit reduced requirements in our return there is no certainty that DFP will accept their return to Centre for reallocation to meet substantive pressures within other departments.
3. Departments are also required to provide an update of Annually Managed Expenditure (AME) forecasts for 2015-16 to ensure Spring Supplementary Estimates reflect the correct position.

JANUARY MONITORING 2015-16

Key Proposals

4. We have consulted all DETI business areas. Table 1 shows the reduced requirements and pressures identified by business areas, and the key DETI monitoring proposals are described below.

Table 1 – Summary of Reduced Requirements and Pressures

	Resource £M	Capital £M	FT Capital £M
Substantive easements declared to DFP	(1.2)	-	-
De minimis easements available to DFP	(1.2)	(0.5)	-
De Minimis easements used to meet emerging de minimis pressures in DETI	(0.3)	(0.9)	-
De minimis pressures	0.3	0.9	-
TOTAL – Net Reduced Requirements	(2.4)	(0.5)	
NI Science Park – FTC Reduced Requirement	0	0	(6.1)
NI Science Park – Mainstream Capital Bid	0	6.1	0

Reduced Requirements

5. DETI's reduced requirements available for return to the Centre for potential reallocation to meet pressures in other departments total £2.4M Resource, £0.5m Capital, and £6.1M Financial Transactions Capital. The reduced requirements comprise the following:
- **Invest NI £1.2M Additional Resource receipts:** Invest NI is forecasting additional Resource receipts mainly relating to two material clawback cases that have come to light subsequent to November monitoring. This is a substantive easement and we have advised DFP in advance of our formal return that this funding is available for reallocation to other departments.
 - **Tourism NI £0.7M Resource:** Tourism NI has estimated a foreign exchange gain of £0.6M Resource in respect of EDRF receipts due to the strength of sterling against the euro in 2015-16. Tourism NI has also reported slippage of £0.2M Resource against a number of projects including the Mourne Gondola Feasibility Study, and a £0.1M Admin reduction due to unforeseen staff turnover.
 - **Business Regulation Division £0.2M Resource:** Mainly relating to lower than previously forecast salary and legal costs across the division and an increase in forecast Insolvency Service fee income.
 - **DETI HQ £0.1M Admin:** Mainly relating to lower than forecast salaries and GAE costs.
 - **Economic Policy Division £0.1M Ring Fenced Resource:** the reduced requirement is due to a delay in commencing the HILS Hub project which is funded under the Change Fund.
 - **£0.1M Resource:** Lower than previously forecast expenditure across a range of business areas.
 - **Invest NI £0.5M Additional Capital Receipts:** Invest NI has identified additional Capital Receipts of £0.7M clawback due to the abandonment by a company of an SFA project that came to light after the November monitoring round. We are proposing to use £0.2M of this to meet emerging Capital pressures as set out in paragraph 6.
 - **DETI HQ £6M Financial Transactions Capital:** £6M of Financial Transactions Capital is being released as Treasury has now informed DFP that Mainstream Capital should be used for refinancing proposals as opposed to Financial Transactions Capital. The funding was being held for the refinancing of the Northern Ireland Science Park Concourse 11 building. A consequential bid for £6M direct Capital is required in order to enable the refinancing proposal to proceed within 2015-16.

Substantive Bids

6. As noted at 5 above, £6.1M of Financial Transactions Capital is being released as Treasury has now informed DFP that Mainstream Capital should be used for refinancing proposals as opposed to Financial Transactions Capital. The funding was being held for the refinancing of the Northern Ireland Science Park Concourse 11 building. A consequential bid for £6M direct Capital is required in order to enable the refinancing proposal to proceed within 2015-16.

De Minimis Pressures and Adjustments (individual amounts below £1M)

7. We are proposing a range of internal reallocations to meet a number of **de minimis pressures** comprising **£55k Admin**, **£241k Resource** and **£944k Capital** from de minimis reductions which include the following:
 - **£54k Admin** to fund the Ulster University Business School to provide research and secretariat support for the Energy and Manufacturing Advisory Group recently appointed by the Minister;
 - **£206k Resource one-off addition** to InterTradeIreland to fund additional programme activities. Whilst this would represent a one-off 8% increase for 2016 on DETI's 2015 calendar year funding, it would still represent a cumulative decrease of 12% on the 2013 calendar year and as such complies with North South guidelines. DFP officials have confirmed that they would recommend this one-off increase in funding when considering the InterTradeIreland 2016 Business Plan. The 2016 calendar year Business Plan would be required to note that this one-off allocation would be removed from 2017, so the starting point for DETI's 2017 funding prior to further reductions which have been confirmed as at least 2% (51k) would be £2.583M.
 - **£760k Capital** to Telecoms Branch for the NI Broadband Improvement Project (NIBIP) to replace ERDF funding that will not now be able to be drawn down to fund this project. BT has advised that it will only be able to meet the contractual commitments for NIBIP with a three month extension, with the result that some expenditure will no longer be eligible for ERDF support. The consequent pressure can be addressed by reallocating a £750k easement from Tourism NI due to lower than forecast spend against the HMS Caroline project in 2015-16;
 - **£184k Capital** to Insolvency Service for a replacement ICT Application, representing an initial milestone payment of 25% of the total cost of £734k. This is funded from additional Invest NI Capital receipts; and
 - **£1k Admin** and **£35k Resource** for a number of smaller pressures across the department.

Other Mainstream Internal Reallocations

8. A number of other internal reallocations are proposed in this monitoring round to realign budgets with forecast expenditure, the most significant of which include the following:

- Invest NI reallocation of £5.7M from Capital Grant to Capital to realign budgets with forecast requirements for loans and venture capital; and
 - Invest NI has allocated £28.0M to reflect its end-year grant provisions requirements.
9. There are also a small number of other minor internal reallocations to realign budgets to business needs.

EU Internal Reallocations

10. A number of self financing EU internal reallocations increasing and reducing EU expenditure supported by EU receipts are required as follows:

EU Competitiveness Programme

- £5.8M Resource decrease and £1.2M Capital decrease in Invest NI EU expenditure and receipts to realign EU budgets with forecast requirements; and
- £1.4M Capital reduction in the ERDF requirement for the Northern Ireland Broadband Improvement Project.

Technical Transfers

11. A number of technical transfers to and from other departments need to be effected in this monitoring round, including the following:
- £50k Resource from Invest NI to the Department of Education for the “It’s Your choice” programme;
 - £13k Resource from Invest NI to the Department of Education for the “Stock Market Challenge” programme; and
 - £18k Resource from OFMDFM to Invest NI for financial and marketing appraisal work.
 - £44k Resource funding transfer to UK Trade and Investment for consultancy support to DETI for the establishment of a Health Innovation & Life Sciences (HILS) Hub.

ANNUALLY MANAGED EXPENDITURE FORECASTING 2015-16 ONWARDS

12. The Annually Managed Expenditure (AME) budget is for expenditure that cannot reasonably be subject to firm multi-year limits, or should be subject to special handling. AME expenditure does not therefore fall within Departmental Expenditure Limits (DEL). Examples of AME budgets in DETI include provisions, the revaluation of assets and funding for the Renewable Heat Incentive Scheme.

13. The Department is required to provide details of AME forecasts on behalf of the Northern Ireland Executive to the Office of Budget Responsibility (OBR). This is the final opportunity to update AME forecasts for 2015-16.
14. **Invest NI Revaluation of Assets:** Invest NI has set up a revaluation of assets budget of £6M to reflect a similar revaluation impairment for its property and loan book portfolio to that of 2014-15.
15. **Provisions – Set up / Additions:** The movement in the Invest NI provision budgets is a release of £19.5M.
16. **Tourism NI Pension Liability:** Tourism NI has increased its pension liability by £1.185M to reflect its estimated increase in overall liability in 2015-16.
17. **H&W Asbestosis Provision:** It is proposed to reduce the set up of this provision by £1.972M due to a reduction in the forecast total provision required following a review of future estimated cash flows. The release of H&W Provision is also reduced by £1.990M to reflect the reduction in expenditure versus original budget of £7.0M on Harland & Wolf plc's liability for asbestosis claims in the current financial year.
18. **DETI Revaluation of Assets:** An AME asset revaluation budget is required to reflect an IFRS fair value adjustment of £5.588M in relation to the carrying value of the Tellus database. A consequence of the Government's Open Data Strategy which was launched in 2015 is that the original tellus data is now available for free, and the carrying value of the database has therefore been written down.
19. **Energy Division** increased the Resource AME budget by £11.3M in June Monitoring to cover anticipated costs of the Renewable Heat Incentive scheme. A further increase of £7.2M is now forecast to be required, bringing the total forecast budget for 2015-16 to £29M. An increase in the Capital AME budget of £0.023M is also required in regard to increased forecast requirements under the Non-Domestic Scheme. DFP officials have confirmed that they do not believe that there will be any restrictions to AME budget cover availability for the RHI within 2015-16.
20. **Abandoned Mines Provision:** The release of Abandoned Mines Provision is reduced by £0.150M to reflect lower than previously forecast expenditure in the current financial year.
21. **HRCS** has decreased the set up in provisions for early retirement by £0.020M and decreased the release of provision by £0.008M to align these budgets with forecast requirements.

Assurance Statement

22. Statements of assurance have been obtained from DETI Senior Managers and NDPB Chief Executives confirming that they are satisfied with the forecasts provided by their business areas. DFP has asked Accounting Officers to confirm that the forecasts represent the most robust and accurate assessment that can be prudently provided at this stage of the year. This submission is being forwarded to the Minister on the basis that

the Accounting Officer has endorsed the return. However the following areas of risk should be noted:

- There is ongoing potential risk due to the impact of a declining Euro on the sterling value of DETI's EU Sustainable Competitiveness Programme allocation. However, European Support Unit (ESU) has confirmed that it continues to proactively manage the situation and monitor final Programme expenditure. Some slippage in drawdown on a number of projects means that the overall exposure is already significantly reduced and if current exchange rates prevail and remaining expenditure forecasts are achieved, any over-commitment value would be less than £1M. ESU believes that this can be managed with the cooperation of some of the larger Programme Intermediate Bodies.
- ESU has also confirmed the final error rate is 0.83%, which will have no financial impact other than minor adjustments within the Invest NI portfolio of projects.
- Drawdown of the £6M Capital in regard to the Northern Ireland Science Park is dependant upon the case receiving DFP approval within a very short timeline as the Science Park require to give Belfast Harbour Commission notice in regard to the refinancing proposal.

Recommendation

23. It is recommended that you note the above and, if content:

- (a) Confirm that we can present these proposals in the DETI submission to DFP for the January Monitoring Technical exercise; and
- (b) Confirm that this material can be used to prepare briefing for the ETI Committee.

24. I would be happy to discuss.



TREVOR COOPER

cc Eugene Rooney
Chris Stewart
Ian McCrea, MLA, Assembly Private Secretary
Wendy Johnston
David Beck
Claire Hughes
Bernie Brankin
Rod Robson
Jeff Partridge
John Murray
Rosie Clarke

From: [Partridge, Jeff](#)
To: [Coyne, Terence](#)
Cc: [McCormick, Andrew \(DFE\)](#); [Cousins, Heather](#); [McFarlane, Iain](#); [McCann, Brendan](#); [Woods, Michael \(DFE\)](#); [Quail, Andrea](#)
Subject: RE: Renewable Heat Incentive - In Year Budget Changes 2015-16
Date: 07 November 2016 10:08:11
Attachments: [image001.png](#)
[image002.gif](#)

Terry,

The opening RHI budget for 2015/16 was 10,500k Resource and 1,140k Capital = 11,640k
June Monitoring confirmed adjustments of +11,301k Resource and + 237k Capital = 23,178k.
January Monitoring confirmed +7,199k Resource and +23k Capital = 30,400k.

I will forward you a series of emails dealing with the following:

June exercise:-

- Energy Division input to June AME exercise 22/5/15;
- Printout showing RHI budget adjustments keyed on to DFP database 5/6/15;
- DETI Finance Branch content with DFP Control Annex 9/7/15;
- DFP budget confirmation of June Monitoring adjustments 20/7/15;

January exercise:-

- Energy Division input to January AME exercise 4/12/15;
- Sub to Minister on January Monitoring and AME exercise 5/1/16;
- Note to DFP on January Monitoring and AME exercise 5/1/16;
- DFP budget confirmation of January Monitoring adjustments 19/1/16;

Happy to discuss,

Jeff

From: Coyne, Terence
Sent: 04 November 2016 18:20
To: Partridge, Jeff
Cc: McCormick, Andrew (DFE); Cousins, Heather; McFarlane, Iain; McCann, Brendan; Woods, Michael (DFE); Quail, Andrea
Subject: Renewable Heat Incentive - In Year Budget Changes 2015-16
Importance: High

Jeff

As part of our preparation for PAC on Wednesday, we are looking at in year changes in the 2015-16 budget for RHI.

I have found a reference in an e mail from Bernie to an increase in AME budget to £23.178 million in August 2015 and have also found a reference in another document to the AME budget being further increased to £30.4 million in January 2016 as a result of January monitoring. I

should be grateful if you would confirm that this information is correct and provide me with copies of any relevant correspondence which:

- Seeks increases in the budgets; and
- Confirms the increases.

Grateful if you would get back to me on Monday morning.

Regards

Terry

Terence Coyne

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From: [Partridge, Jeff](#)
To: [Coyne, Terence](#)
Subject: FW: DETI 2015-16 FINAL January Executive Monitoring Confirmation Print and Control Annex
Date: 07 November 2016 10:08:37
Attachments: [DETI January Executive Monitoring Position - Confirmation Print.xls](#)
[DETI January Executive Monitoring Position - Control Annex.xls](#)

DFP budget confirmation of January Monitoring adjustments 19/1/16

From: CED CFG [<mailto:CED.CFG@dfpni.gov.uk>]
Sent: 19 January 2016 12:43
Subject: DETI 2015-16 FINAL January Executive Monitoring Confirmation Print and Control Annex

Please find attached Final January Executive Monitoring Confirmation Print and Control Annex following OFMDFM agreement to the Urgent Procedure dated 15 January 2016.

Please confirm you are content by **close today 19 January 2016**.

Many thanks,

Claire Kennedy

Central Expenditure Division
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