

From: Partridge, Jeff
To: [Rooney, Eugene](#)
Cc: [Brankin, Bernie](#); [Cooper, Trevor](#)
Subject: FW: Submission: SUB/13/2015 2015-16 FINAL BUDGET ALLOCATIONS
Date: 10 February 2015 09:34:00
Attachments: [SUB 013 Min Content.pdf](#)

Eugene,

Paragraphs 14-16 of attached note contains the previous information given to the Minister regarding the £2m Tourism NI TDS allocation.

This included advice that we would provisionally allocate £1m to Tourism NI now and retain the other £1m in reserve in DETI Core.

Jeff

From: Brankin, Bernie
Sent: 16 January 2015 17:22
To: Partridge, Jeff
Subject: FW: Submission: SUB/13/2015 2015-16 FINAL BUDGET ALLOCATIONS

FYI and to file.

Bernie Brankin

Finance Branch
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9417 (ext: 29417)
TextRelay: 18001 028 9052 9417
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Damien.Hegarty@detini.gov.uk [<mailto:Damien.Hegarty@detini.gov.uk>]
Sent: 16 January 2015 16:42
To: Cooper, Trevor
Cc: McCormick, Andrew (DETI); Stewart, Chris (DETI); Johnston, Wendy; Rooney, Eugene; Brankin, Bernie; Aiken, Glynis; Hegarty, Damien; McLaughlin, Christine (DETI); Stevenson, Valerie (DETI Private Office)
Subject: Submission: SUB/13/2015 2015-16 FINAL BUDGET ALLOCATIONS

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

Unclassified

From: Damien Hegarty
Private Office
To: Cooper Trevor (Mr)
Date: 16/01/2015

Action Copy: McCormick Andrew
Stewart Chris (Mr)
Johnston Wendy
Rooney Eugene (Mr)
Brankin Bernie (Mrs)
Aiken Glynis (Miss)
Hegarty Damien (Mr)
McLaughlin Christine (Mrs)
Stevenson Valerie (Mrs)

SUB/13/2015:2015-16 FINAL BUDGET ALLOCATIONS

The Minister has seen and read your submission of 16/01/2015 and is content.

Many thanks.

Damien Hegarty (Private Office)

Netherleigh House Tel: 29209

OffName

FROM: Trevor Cooper
DATE: 16 January 2015

Copy Distribution List Below

TO: 1. Andrew Crawford [AC 16/1/2015]
2. Arlene Foster MLA [AF Content 16/1/2015]

DETI SUB 013/2015: 2015-16 FINAL BUDGET ALLOCATIONS

Issue: Now that the Final Budget is agreed, DFP require departmental allocations to be entered on its database to produce tables with budget allocations by main business areas for the purposes of the Budget Statement next week.

Timing: **Immediate.** Departments only have access to key allocations onto the database until this morning as it is expected that the Budget document will be sent by DFP for printing today and published next Monday.

Need for referral to the Executive: The Executive has approved the Final Budget.

Presentational Issues: The Final Budget 2015-16 will be closely reviewed by stakeholder groups and the media.

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

Programme for Government Budget allocations support PfG priorities.

Financial Implications: The Budget addresses a number of inescapable pressures. However, significant reductions will also be made to budgets for DETI Core business areas and ALBs.

- Legislation Implications:** None.
- Statutory Equality:** High level impact assessments have been completed for the DETI budget 2015-16 bids and savings / reductions.
- Recommendation:** It is recommended that you agree:
- a) The allocation of the £37.7m Resource budget in Draft Budget and the additional £3m in Final Budget as set out at paras 3-4 and para 11-12 respectively; and
 - b) The allocation of £33.2m Capital and £25.3m Financial Transactions Capital as set out at paras 14-17.

BACKGROUND

1. The NI Executive's Draft Budget 2015-16 was announced by the Minister for Finance & Personnel on 3 November 2014, and it allocated to DETI £37.7m Resource, £24.2m Capital and £52.8 Financial Transactions Capital. The Final Budget approved by the Executive includes allocations of £3m Resource, £7.4m Change Fund, £1.5m Interreg match funding, and an addition £9m Capital spending power from capital receipts. The Financial Transactions Capital has been reduced to £25.3m which meets our anticipated requirements.

Resource Pressures

2. A number of Inescapable Resource pressures had been registered for 2015-16 across the Department, Invest NI and NITB. We have reviewed those pressures and the current position is as follows:-

Body	Inescapable Pressure £m	Source
Invest NI Programme	35	SFA £12.5m; R&D 11.5m; International Offices and Trade £5.5m; Skills & Innovation programmes £5.5m.
NITB Programme	7.2	The Open (£4.8m); The Irish Open (£1.5m); Tall Ships (£0.2m); Giro Gran Fondo (£0.15m); HMS Caroline (£0.2m); Rugby World Cup (£0.2m); and SPOTY (£0.1m)
DETI	1.5	Energy RHI and EMR CfD £0.5m; Insolvency Service £0.3m (legal costs and estate accounts); Economic Policy £0.4m (incl. £250k funding for EU Support for HE and £100k for NICEP); NISRA tourism statistics £0.2m.
Total	43.7	

Note: Insolvency Service also have a pressure of £0.5m for outsourcing of casework but it is scaleable and should be manageable in-year.

- Therefore, inescapable pressures amount to £43.7m. At the suggestion of DFP, we brought forward £1.2m NITB sponsorship commitment pressures from 2015-16 into January Monitoring 2014-15. (Note Invest NI was also asked but could not bring forward any business into 2014-15). This reduced the inescapable pressures to be addressed to £42.5m against a Draft Budget allocation of £37.7m. In addition, with DFP agreement, we have retained £5m originally allocated to Invest NI for Poultry Litter Solutions which can be set against the Invest NI pressures.

4. We propose to meet also £0.5m of the DETI inescapable pressure through a transfer from the H&W budget. Thus all of the inescapable pressures above can be covered leaving £0.7m to be allocated.

Uncovered Resource Requirements

5. Across the board reductions of 15.1% were applied across all DETI bodies in the Draft Budget. This amounted to a cut of £27.9m. We identified a number of very difficult potential implications of those reductions, particularly for Invest NI and NITB. These are summarised in the table below.

Uncovered Resource Requirements from 15.1% reductions	Amount £k
Invest NI Invest NI have identified the requirement for an additional £12m to avoid significant reductions across a number of programmes and projects. (this would leave a gap of £5.5m from their share of the 15.1% reductions (£17.5m))	12,000
NITB Minimum Requirement – DETI has identified the following minimum for NITB	
Destination Marketing Third Party SLAs (Visit Belfast, NI Connections)	150
Destination Competitiveness (screen tourism, cycling, golf)	75
Destination Marketing ROI campaign (Irish Open, ROI campaigns for other NI events) – <i>note the NITB believe the min for marketing is at least £1m.</i>	500
Events Fund (Advice from NITB on a minimum for a feasible events fund next year)	500
Total NITB minimum requirements	1,225
TOTAL UNCOVERED REQUIREMENTS	13,225

Note: 15.1% reductions were also applied to TIL, ITI, CCNI and HSENI. With the exception of HSENI (see below), no other compelling arguments have been made for restoration of cuts.

Change Fund

6. During December, Invest NI, HSENI and DETI all submitted bids to the Change Fund. The full list of bids submitted is summarised below.

BUSINESS AREA	Change Fund Proposals	Resource £k
Innovation Policy	SBRI Support Team (note SBRI was highlighted in Restructuring and Reform paper but bid was not met)	200
Foresight & Horizon Scanning Unit	<i>Health, Innovation and Life Sciences Hub</i>	250
Economic Policy	Regulatory Reform: implementation of Recommendations in "Making Life Simpler – Improving Business Regulation in NI"	175
Economic Policy	Agri-Food Marketing Body	500
Tourism Policy	Balance of Focus on Food/Year of Food 2016 bid	1,000
Insolvency Service	Outsourcing of Insolvency Service Casework	500
Invest NI	Jobs Fund SFA	1,000
Invest NI	<i>Collaborative Skills (with DEL)</i>	7,140
HSENI	Farm Accident Prevention Campaigns	250
TOTAL BIDS		11,015

7. Two of the bids are supported in the Final Budget, HILS Hub (£0.25m) and Collaborative Skills (£7.1m). There is an issue as to whether we need to meet all or part of any of the other bids for next year.

Final Budget 2015-16 Proposed Outcome

8. The Executive Paper on Final Budget 2015-16 therefore includes a £7.4m Change Fund allocation, and that DETI will also receive an additional allocation

of £3m for Invest NI's contractual commitments in the Final Budget 2015-16. The need for an allocation of £5m and an in-year guarantee of up to a further £5m was discussed at the bilateral meeting, though the Executive paper is silent on any guarantee of additional in-year funding.

9. Aside from Invest NI, there are a number of other compelling pressures which could be addressed from the resources available. You have written to the DFP Minister to explain that you need full flexibility on the use of the £3m.
10. Given the lead-in time required for the NITB programmes, and to plan to meet some of the other remaining pressures, particularly to allocate events funds, there would need to be certainty now on budget allocations for next year. In addition, Invest NI is more likely to be successful in in-year monitoring if they have inescapable pressures that need to be addressed.
11. In light of the above, the table below provides proposed allocations for consideration.

	Amount £m	Comment
NITB	2.2	Third Party SLAs £150k Destination Competitiveness £75k Marketing campaigns £1,000k Events Funding £1,000k
Allocations for unmet Change Fund Bids:		
Focus on Food / Year of Food 2016	0.75	Scaled back from the £1m bid
Agri food Marketing Body	0.3	Scaled back from the £300k bid
SBRI Support	0.2	Continuation of SBRI support
HSENI Farm Accident Prevention work	0.25	Concerns raised by the ETI Committee on cuts in this area.
TOTAL PROPOSED ALLOCATIONS	3.7	

12. The proposed allocations are made on the basis that:

- NITB need a minimum of £1.2m to provide a tourism marketing of £0.7m and £0.5m to launch a new Events fund. Tourism Policy has confirmed that £700k is the absolute minimum requirement for destination marketing and that the marketing budget should be increased, if affordable. It is proposed that a further £1.0m in addition to the minimum requirement of £1.2m to NITB for marketing and the events fund (£1m).
- Partial funding should be allocated to allow some work to be taken forward on Focus on Food/ Year of Food.
- Partial funding should be provided to help to set up the Agri Food Marketing Body
- The HSENI Farm Safety budget should be reinstated on the basis of representations made by the ETI Committee and others, and an assessment of the value of the maintenance of some preventative programme activity. HSENI will also be encouraged to lever in sponsorship for their promotional work and any resources so obtained could be retained to help offset pressures in HSENI.
- The £7.1m Change Fund allocation noted above would afford significant scope for Invest NI to reinstate some of the proposed R&D, SFA, and Trade reductions.

Administration -Paybill Reductions

13. The Stormont House Agreement highlights the need to improve efficiency and reduce administration costs. Some £700m will be made available over the next 4 years to reduce the paybill costs of the public sector by means of Voluntary Exit Schemes. It is anticipated that the NICS scheme will be launched in March though any savings are unlikely to start being realised in budgets until the second half of 2015-16. Paybill reductions in-year would help deliver savings required within budgets to deliver the 15.1% cuts that have

been applied. The following table set out for DETI and each ALB the indicative headcount reductions for 2015-16.

Business Area	Headcount Proposals
DETI HQ	-51
Invest NI	-65*
NITB	-20
CCNI	-2
HSENI	-13
TOTAL	-150

* assumed from 1 April 2016

Capital DEL

14. The proposed gross Capital DEL spending power from the allocation is £33.2m following agreement with DFP on the use of receipts. We have £35.2m pressures identified in 2015-16. The table below sets out the proposed allocations:

Capital Bids	Pressure Proposed Allocation	
	£m	£m
Invest NI Commitments	18.0	18.0
Telecoms – Superfast Broadband	2.2	2.2
Science Park	0.9	0.9
Gas to the West	3.0	3.0
Caroline	<u>2.1</u>	<u>2.1</u>
Sub-total – inescapable	£26.2	26.2
Invest NI WIP/New Business	7.0	5.0
NITB – Living Legends	1.0	
NITB – Unique Outdoor	1.0	
Total Bid	£35.2	31.2

Tourism Projects	1.0
DETI Reserve	1.0
Total Proposed Allocations	33.2

15. After meeting inescapable Capital bids there is a choice in how much/which of the Invest NI and NITB bids would be supported. The Invest NI work in progress/new business bids relate to grant support for business. DETI's Tourism Policy supports the two NITB bids. The Living Legends Development Programme is to provide legacy from the Derry/ Londonderry City of Culture including a City of Culture Legacy Fund and the Maritime Museum Ebrington. The Unique Outdoors Development Programme includes a Forestry Fund and a Mourne Gondola Strategic Programme. These programmes would support and create new jobs, indirect jobs through growing visitor numbers, increasing visitor spend, enhancing destination appeal and the quality of the visitor experience.
16. It is proposed that £1m is provisionally allocated to NITB for tourism projects and £1m is held in reserve by DETI and that NITB will be asked to bring forward their proposals for worthwhile capital projects for consideration by DETI.

Financial Transactions Capital

17. The Draft Budget proposed FTC allocation of £52.8m but this has now been reduced to £25.3m FTC in the Final Budget to address the following pressures:
- £15.9m Invest NI (Agri-Food Loan £2m, Access to Finance £3.2m, Film Studio £5.7m, Growth Loan Fund £5.0m)
 - £9.4m Science Park

Conclusion

18. Your agreement to the allocations proposed in this paper would confirm the overall amounts to be allocated to DETI and its six ALBs for next year. We

would then inform the bodies of those allocations and engage with them on the details as to how they will be distributed across programmes for next year.

Recommendations:

19. It is recommended that you agree:

a) The allocation of the £37.7m Resource budget in Draft Budget and the additional £3m in Final Budget as set out at paras 3-4 and para 11-12 respectively; and

b) The allocation of £33.2m Capital and £25.3m Financial Transactions Capital as set out at paras 14-17.

Trevor Cooper

Copy Distribution

Andrew McCormick
Eugene Rooney
Chris Stewart
Wendy Johnston
Bernie Brankin