

**From:** [Smith, Rae](#) on behalf of [Cooper, Trevor](#)  
**To:** [Layberry, Jack](#)  
**Cc:** [Thomson, David \(DETI\)](#); [Lewis, Colin](#); [Brush, Paul](#); [Stevenson, Stuart](#); [Sands, Sylvia](#); [Partridge, Jeff](#)  
**Subject:** DECEMBER MONITORING 2010-11  
**Date:** 03 December 2010 15:15:01  
**Attachments:** [LAYBERRY - DECEMBER MONITORING 2010-11.DOC](#)

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*Jack*

*Please see attachment from Trevor Cooper*

*Thanks*

*Rae*

**Rae Smith**

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

Mr Jack Layberry  
Department of Finance and Personnel  
Rathgael House  
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BT19 7NA

3 December 2010

Dear Jack

### **DECEMBER MONITORING 2010-11**

1. This letter covers the DETI contribution to the December monitoring exercise. Finance Branch will forward the detailed supporting information to Central Expenditure Division.
2. We have consulted all DETI business areas. The key DETI monitoring proposals are summarised in Table 1 below.

**Table 1 - Summary of Proposed December Monitoring Return**

	Admin £m	Resource £m	Capital Grant £m	Capital £m	Total £m
<b><u>Major Bids</u></b>					
Use of Provisions - H&W		2.8			2.8
Use of Provisions – Abandoned Mines		0.8			0.8
<b><u>Total Substantive Bids</u></b>		<b>3.6</b>			<b>3.6</b>
<b><u>Reduced Requirements</u></b>					
Invest NI – increase in Capital receipts				(2.8)	(2.8)
Invest NI – Capital Grant			(1.2)		(1.2)
Invest NI - Capital Renewable Energy Match Funding			(0.5)	(0.4)	(0.5)
NITB – Capital Grant Projects			(1.3)		(1.3)
DETI - range of minor easements across business areas			(0.2)	(0.1)	(0.3)
DETI – Non Cash		(0.2)			(0.2)
<b><u>Total Reduced Requirements</u></b>		<b><u>(0.2)</u></b>	<b><u>(3.2)</u></b>	<b><u>(3.3)</u></b>	<b><u>(6.7)</u></b>
<b><u>TOTAL ADJUSTMENTS</u></b>		<b><u>3.4</u></b>	<b><u>(3.2)</u></b>	<b><u>(3.3)</u></b>	<b><u>(3.1)</u></b>

**Mainstream Bids**

3. **Use of Provisions £3.6m Current Expenditure:** DETI has a £3.7m pressure in relation to the drawdown of provisions taken for Harland & Wolff's employee liability claims. In addition, £1.5m is required to use provisions taken to enable remedial work on abandoned mines. Although this has arisen as a result of technical accounting and budgeting change, it has created an actual Resource DEL pressure which DETI cannot fully meet from within our existing budget. We are proposing to meet £1.6m of this pressure through proactive reallocations from other business areas, and DETI is bidding for Current expenditure budget cover for the balance of £3.6m.
4. **If this bid is not met or only partially met, DETI would request the opportunity to consider further proactive reductions in current expenditure in the core department and our NDPBs to ensure that we would remain within the 2010/11 budget.**

**Mainstream Reduced Requirements**

5. **Invest NI £4.4m:** Invest NI is declaring an increase in Capital receipts of £2.8m, which is mainly due to a grant clawback case. Invest NI has been unable to budget for these receipts until there was more certainty on the circumstances surrounding this case. Invest NI has also identified a reduction in Capital Grant of £1.2m and in direct Capital of £0.4m as a result in late changes to a number of projects.
6. **Energy Division £0.45m:** Energy Division has surrendered £0.45m Capital Grant as additional funding has recently been provided by HMT for a proposed UK wide Renewable Heat Incentive scheme.
7. **NITB £1.3m:** NITB has identified reductions of £1.3m Capital Grant. £1m relates to the Guildhall project as it is planned that it will proceed on a rescope basis, £0.1m is from the Titanic Signature Project resulting from extra income on a land transfer transaction from Belfast Harbour Commissioners, and £0.2m reduction in funding for a national museums project which has received match funding from another source. TALE Division has confirmed that this Capital could not be spent in the timeframe on other projects.
8. **DETI £0.3m:** Minor reductions totalling £0.2m Capital Grant and £0.1m Capital have been identified from a range of DETI business areas.
9. **DETI £0.2m:** Reductions totalling £0.2m have been identified in the DETI Non Cash budget following a further review of non cash budgets.

**Proactive Reallocation to Partially Manage Provisions Pressure**

10. A total of £1.6m Current expenditure has been identified in December monitoring from proactive action to partially offset the provisions pressure of £5.2m (see paragraph 3 above). We have reduced lower priority activities which has resulted in the following amounts being available for reallocation:

- £0.3m reduction in the HSENI budget;
- £0.2m reduction in EU Programmes;
- £0.1m reduction in Consumer Affairs
- £0.1m reduction in Minerals;
- £0.2m other DETI core business areas;
- £0.3m in total from the Tourism Ireland Limited and InterTradeIreland budgets; and
- £0.4m Administration which would also require reclassification.

### **De Minimis Reallocations (individual amounts below £0.5m)**

11. We are proposing a number of de minimis reallocations to meet inescapable de minimis pressures of £0.4m Administration and £0.8m Resource from de minimis reductions. These mainly comprise the following:

- £0.2m Admin in relation to the drawdown of provision for early retirements;
- £0.1m Admin for work in relation to the Presbyterian Mutual Society;
- £0.1m to meet Admin pressures across a range of DETI business areas;
- £0.3m Resource for the Insolvency Service to cover inescapable costs arising from company inspections;
- £0.2m to meet Resource pressures across a range of DETI business areas; and
- £0.3m Resource for legal costs to assist and advise Energy Division on a range of issues

### **Mainstream Internal Reallocations**

12. Mainstream internal reallocations proposed within DETI include:

- **Invest NI - reallocation of £0.6m from Capital Grant to Bombardier C Series Launch Investment:** The reduction in Capital Grant is a result of changes to a number of capital grant projects.
- **Consumer Council – £0.1m Resource:** This relates to the remaining funding due to the Consumer Council from DRD to carry out its consumer representational role in relation to water in 2010/11. The internal reallocation allows for an increase in CCNI's expenditure budget with a corresponding increase in receipts budget.

- **HRCS Division - £0.1m Resource:** There has been a decrease in the number of staff on secondment resulting in reduced expenditure and a corresponding reduction in receipts.

### **EU Internal Reallocations**

13. Self-financing EU internal reallocations include:

- **EU Programmes reductions in EU expenditure of £1.0m Resource and £0.6m Capital Grant:** These adjustments to expenditure and receipts are required as a result of a full review by the LED team on expenditure incurred by Councils to date, and anticipated expenditure until the year end;
- **Invest NI increase in EU expenditure of £0.9m Capital grant:** This relates to an increase in Invest NI ERDF Capital Grant expenditure and receipts due to a projected increase in expenditure against ERDF funded projects;
- **NITB reduction in EU expenditure of £1.2m Capital Grant:** This relates to a reduction in expenditure and receipts of £1.1m for the GCVE project as a result of delayed start on construction, and additional income of £0.1m on a land transfer transaction from Belfast Harbour Commissioners in respect of the Titanic Project;
- **Energy Division reduction in EU expenditure of £0.3m Resource:** This reduction is due to slippage on energy projects which it is anticipated will proceed in 2011/12;
- **EU Programmes reduction in EU expenditure of £0.7m Resource and £0.5m Capital Grant:** Reductions in expenditure and receipts in respect of Interreg projects are required due to slower expenditure on approved projects than was anticipated by the promoters and SEUPB, delays in the commencement of projects, and the rejection by SEUPB of a number of pipeline projects.

### **Technical Transfers**

14. A number of technical transfers to and from other departments need to be effected in this monitoring round. These include:

- £31.1m Capital to BIS for Bombardier C Series launch investment;
- £1.0m Capital grant from DARD for telecoms infrastructure in rural areas;
- £66k Admin from DEL for internal audit services;
- £77k Capital from Invest NI to DARD relating to Agricultural & Forestry Processing and the Marketing Grant Scheme; and,

- £50k Resource from Innovation Policy to DCAL for Creative Industries Innovation Fund.

**Other Financial Issues**

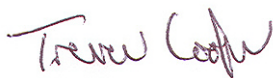
15. **Increase in NDPB Cash Requirement:** Invest NI and NITB require increases of £15.2m and £11.3m respectively in their 2010-11 cash requirement in the Spring Supplementary Estimates. These adjustments mainly relate to EU Competitiveness receipts which may not be received in the current financial year.

**Assurance Statement**

16. I can confirm that the Accounting Officer is satisfied that the forecasts represent the most robust and accurate assessment that can be prudently provided at this stage of the year. However, the following areas of risk should be noted;

- **Titanic Signature Project - EU funding is still to be approved;**
- **There is some uncertainty whether a £1.5m Invest NI land sale planned for 2010-11 will complete in this financial year; and**
- **Creagh (Invest NI land transaction) – It is uncertain as to whether legal proceedings will be finalised before March 2011. On balance Invest NI's view is that it is more likely that the estimated £3m Capital liability will not crystallise in 2010/11. However because of the uncertainty, Invest NI proposes holding this budget until February Monitoring when more information on the progress of the legal challenge may be known.**

14. The December monitoring return has been cleared with the DETI Minister.



**TREVOR COOPER**

cc David Thomson  
Colin Lewis  
Bernie Brankin  
Stuart Stevenson  
Sylvia Sands  
Jeff Partridge