

**From:** [Brankin, Bernie](#)  
**To:** [Layberry, Jack](#)  
**Cc:** [Sterling, David](#); [Cooper, Trevor](#); [Thomson, David](#); [Partridge, Jeff](#); [Stevenson, Stuart](#); [Sands, Sylvia](#)  
**Subject:** FW: June 2012 Monitorng  
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**Attachments:** [Note to DFP - June Monitoring.DOC](#)

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Jack

Please find attached DETI's June monitoring return.

Bernie

**Bernie Brankin**

Finance Branch  
Department of Enterprise, Trade & Investment  
Netherleigh  
Massey Avenue  
Belfast, BT4 2JP  
Tel: 028 9052 9417 (ext: 29417)  
Textphone: 028 9052 9304  
Web: [www.detini.gov.uk](http://www.detini.gov.uk)

[www.ni2012.com](http://www.ni2012.com)

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

7 June 2012

Dear Jack

### **JUNE MONITORING 2012-13**

1. This letter covers the DETI contribution to the June monitoring exercise. Finance Branch has forwarded the detailed supporting information to Central Expenditure Division.

#### **Key Adjustments to Existing Budgets**

2. We have consulted all DETI business areas. The key DETI monitoring proposals to existing budgets are summarised in **Table 1** below:

**Table 1: Summary of proposed adjustments to existing budgets**

<b>£ millions</b>	<b>Resource</b>	<b>Capital Grant</b>	<b>Capital</b>	<b>Total</b>
<b>De minimis Easements</b>				
De Minimis –EU Interreg reduced demand by SEUPB	(0.5)			(0.5)
<b>Invest NI Programme Easements</b>				
Invest NI - Programme related	(4.9)		(3.0)	(7.9)
<b>Technical Adjustments</b>				
DETI – Technical Adjustment	(0.7)			(0.7)
Invest NI – Technical adjustment	(1.5)			(1.5)
<b>Proactive Management Reallocations</b>				
Invest NI – release of funding	(3.9)			(3.9)
NITB – NI2012, Irish Open & ROI NI Marketing	3.9			3.9

**De minimis easement**

3. The department has a de minimis (under £1m) reduced requirement of £0.5 Resource from European Support Unit match funding for SEUPB Interreg IVa projects which have not drawn down the amounts previously forecast by SEUPB.

**Invest NI Programme Budget Easements**

4. Invest NI is forecasting to increase its net Programme spend in 2012/13 versus 2011/12 Provisional Outturn by £21.2m after June Monitoring adjustments and excluding the ring-fenced Invest to Save budget. Whilst Invest NI is structuring its offers of support to encourage jobs to be created on the ground as early as possible in particular in the Jobs Fund, in some cases companies will deliver their planned investment over a number of years so there can be a time delay between an increased level of work in progress and spend in the first year of the project. The increased net spend forecast of £21.2m by Invest NI means that at this stage £7.9m can be released for allocation by the Executive. There remain some risks to forecasting completely outside the control of Invest NI and DETI such as the ongoing uncertainty within the world economy and in particular within the Eurozone. Invest NI will continue to closely monitor in-year spend against profiled budget in order to identify any significant variances at the earliest opportunity.

**Technical Adjustments**

5. DETI HQ proposes to initiate a technical non cash adjustment of £0.7m due to a decrease in depreciation and impairment after a review of capital assets.
6. Invest NI propose to initiate a technical non-cash adjustment by reducing its depreciation budget by £0.7m and its impairment budget by £0.8m after reviewing the forecasts for depreciation and impairments. These adjustments are technical in nature and do not have any impact on the overall level support that Invest NI provides to business.

**Proactive actions to manage emerging pressures**

7. 2012 offers a major and unique opportunity for Northern Ireland. The ongoing promotion of the Titanic Signature Building, the Cultural Olympiad, the Irish Open Golf, the completion of several key physical projects such as the Metropolitan Arts Centre, the Lyric Theatre and the Giant's Causeway Visitor Centre and major local anniversaries such as the Queen's Diamond Jubilee, the 100th Anniversary of Titanic and the 50th Anniversary of Belfast Festival at Queens offer the chance to challenge and change perceptions of Northern Ireland as a place to live, learn, work and visit.
8. **£3.9m Resource is required to transfer from Invest NI to NITB** for contractual commitments for 2012 Tier 1 events including the Irish Open. The reallocation includes funding for destination PR to host media visits and

technology development as well as Irish Open Activation, which includes media management and industry development activity. Marketing in Northern Ireland and the Irish Republic is also included to build on the success of ni2012 and to continue marketing this initiative, particularly in the Irish Republic. The application of the transfer of funding across the broad range of marketing and promotion activity will take into account the 20% Government reduction in Campaign Advertising spend.

9. Invest NI has been working in partnership with NITB to promote Northern Ireland as a place to work, live, learn and visit and will proactively reallocate £3.9m Resource. We have put our proposals to DFP for this proactive reallocation.

#### **DETI HQ: Presbyterian Mutual Society**

10. The department is also confirming PMS adjustments in this Monitoring round. These relate to loan interest of £3.2m Resource and scheduled repayment of the capital loan of £10m in relation to the Presbyterian Mutual Society £175m loan. The Executive decision to support PMS was not taken until July 2011, and the receipts from the loan repayments therefore now have to be formally reflected as available for allocation by the Executive in June Monitoring. This is a separate and distinct item and would press that it should be treated accordingly in all briefing.

#### **De Minimis Pressures and Adjustments (individual amounts below £1m)**

11. We are proposing to meet a number of **de minimis pressures** comprising £549k Administration, £2,048k Resource and £717k Capital from de minimis reductions. The de minimis bids include the following:

#### **De Minimis Bids**

- **£549k Administration** to meet minor pressures across the department, to be funded from corresponding reductions in Administration budgets;
- **£500k Resource** to meet additional administration costs within the Insolvency Service (which will be met from increased Insolvency Service receipts) to meet increased workload as a consequence of the downturn;
- **£450k Resource** is required by the Insolvency Service for legal costs and other work (which will be met from increased Insolvency Service receipts);
- **£522k Resource** for the development and operating costs of the NI Renewable Heat Incentive Scheme;
- **£224k Resource** to meet external consultancy requirements for new proposed Telecoms Broadband projects;
- **£100k Resource** is required to carry out remedial work around abandon mines;

- **£650k Capital** is required to carry out capital works to build a riverside walkway (Public Realm Works) to create linkages across key elements in the Titanic Quarter area; and
- **£207k Resource and £67k Capital** to meet a number of smaller pressures across the department.

### **Mainstream Internal Reallocations**

12. The most significant internal reallocations proposed in this monitoring round arises within Invest NI where a reallocation of £21.2m from Capital Grant to Capital is required to realign budgets with expected outturn; a reallocation to correctly align capital receipts by reallocating £1.5m to property sales; Minerals Branch where £2.7m is being made available by DOE and SEUPB to fund the Tellus Border EU Interreg IVA project; and the Consumer Council where £0.8m is being made available by NIAUR for the Consumer Council's representative role in relation to water and energy related activities.

### **EU Internal Reallocations**

#### ***EU Competitiveness Programme***

13. A number of self financing EU internal reallocations increasing and reducing EU expenditure supported by EU receipts are as follow:
  - £5.552m Resource and £0.198m Capital Grant reductions in European Support Unit EU expenditure and receipts due to the transfer of LED functions to Invest NI;
  - £4.259m Resource and £4.056m Capital Grant decreases in Invest NI EU expenditure and receipts due to the downturn in market conditions;
  - £0.5m Resource increase in NITB EU expenditure and receipts due to an increase in Marketing in Northern Ireland and the Irish Republic across a range of different activity including Advertising, Direct Marketing, Promotions, Competitions, and exhibitions;
  - £0.117m Resource increase in Technical Assistance to DETI and Invest NI for the Competitiveness Programme;
  - £0.190m Resource decrease in Telecoms and Energy Projects to correctly align budgets; and

#### ***EU Interreg Programme***

- £1.5m Resource reduction in European Support Unit EU expenditure and receipts as uptake by SEUPB for expenditure in approved projects is slower than had been anticipated by SEUPB and the project promoters.

**Technical Transfers**

14. A number of technical transfers to and from other departments need to be effected in this monitoring round. These include the following transfers:
- £1,956k Administration, £425k Resource, £400k Capital and £105k Non Cash to DFP. As a result of the Departments (Transfer of Functions) (No.2) Order (Northern Ireland) 2011, DETI Statistics Branch and its functions transferred to NISRA, DFP. This technical transfer relates to the Salary and GAE costs for staff, Resource relating to the delivery of surveys, Capital relating to the development of a new Integrated Business Survey System and non-cash depreciation costs for the build of the new IT system;
  - £300k Resource from Invest NI to DEL in respect of the Jobs Fund Employer Subsidy;
  - £200k Capital Grant from Invest NI to DARD for the Marketing Grant Scheme;
  - £135k Admin from DFP, NISRA in relation to Statistician costs with the Analytical Services Unit;
  - £117k Resource from DFP to DETI & Invest NI for EU Technical Assistance;
  - A range of smaller transfers with a cumulative net effect of a £80k inward transfer.

**Assurance Statement**

15. 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.
16. However, as noted at paragraph 4, there remain some risks to Invest NI forecasting which are completely outside of its control. You should also note that Invest NI are holding ring fenced Invest to Save budget cover of £10m in 2012/13 for the Executive priority to deal with the EU Directive in relation to Nitrates and the disposal of waste litter from the chicken industry. At this point in time, it is still not clear how the nitrates issue will be resolved, and is retained in Invest NI's budget pending the outcome of a planning decision. However, there is a potential risk that this may need to be released at a later stage.
17. The June monitoring return has been cleared with the DETI Minister.

*Bernie Brankin*

**BERNIE BRANKIN**

cc David Sterling  
David Thomson  
Trevor Cooper  
Stuart Stevenson  
Sylvia Sands  
Jeff Partridge