

**From:** [Brankin, Bernie](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [Partridge, Jeff](#); [Wardlow, Thomas](#); [Donaldson, Linda](#)  
**Subject:** Summary of October monitoring  
**Date:** 07 September 2012 17:49:54  
**Attachments:** [OCTOBER MONITORING.docx](#)  
[image001.png](#)

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Trevor

Please consider.

Bernie

**Bernie Brankin**

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Department of Enterprise, Trade & Investment

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**OCTOBER MONITORING**

This is the current high level position on October monitoring which may be subject to revision.

**Admin DEL**

We have £430k in reduced requirements and £60k transferring in to the department which totals £490k available to reallocate. It is proposed to meet £326k bids leaving a balance of £166k available to be reclassified to address Resource pressures.

**Resource and Capital DEL**

There is a £1m pressure from exchange rate losses on the Building Sustainable Prosperity Programme. We are engaging with DFP on the possibility of £1m transfer to us alternatively this could be managed through an internal reallocation from the H&W payments as there is some uncertainty around the overall payment .

Invest NI has identified £2m receipts in this monitoring round which they are previously incorrectly classified as CFERs. Invest wish use these receipts to fund an equal and opposite increase in expenditure.

Tourism Policy are transferring the £650k, that they were holding to carry out capital works to build a riverside walkway (Public Realm Works) to create linkages across key elements in the Titanic Quarter area, to DSD to carry out similar work.

**De minimis Reduced Requirements and Bids**

Resource reduced requirements total £1.462m and include:

**£1.173m** Business Regulation (£783 receipt for debt advice, £200k Insolvency receipts, £190k reduced requirements

**£0.123m** Across business areas

**£0.166m** Reclassified Admin Reduced Requirements

**£1.462m** Total

It is proposed to meet the following bids

**£0.750m** Giro D'Italia match funding and £750k EU expenditure supported by EU receipts

**£0.300m** Repair and maintenance of HMS Caroline

**£0.200m** Resource Admin inescapable pressure

**£0.150m** Business Regulation for Company Inspections

**£0.060m** Energy RHI set up costs

**£0.003m** Fraud Initiative NIAO fees

**£1.463m**

This leaves the following unmet bids which can be considered in January Monitoring:

**£62k** Insolvency GAE and overtime

**£20k** EDP for MATRIX Programme

**£66k** ITI CEO pension costs

**£15k** CCNI shortfall in receipts

**£163k**

### **Technical Reduced Requirements**

**£224k** reduction in non cash

**£884k** reduction in ring fenced Interreg match funding along with EU exp and receipts

**£500k** likely reduction in Invest to Save Nitrate Solution

**Other transactions**

There other self financing adjustments and technical transfers

**From:** [Brankin, Bernie](#)  
**To:** [Cooper, Trevor](#)  
**Subject:** FW: Outturn and Forecast Outturn  
**Date:** 10 September 2012 17:26:55  
**Attachments:** [DETI Forecast Outturn August 2012 - Return to DFP.XLS](#)  
[August 2012-13 Actual and Forecast Outturn.DOC](#)

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Trevor

Please consider.

Bernie

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## Copy Distribution List Below

From: Bernie Brankin

Date: 10 September 2012

To: 1. Trevor Cooper  
2. Colin Lewis  
3. David Sterling

**AUGUST ACTUAL OUTTURN & FORECAST OUTTURN FOR THE  
REMAINDER OF THE 2012/13 FINANCIAL YEAR**

**Issue:** DFP require Permanent Secretaries and Finance Directors to sign off on actual and forecast outturn to ensure accuracy of information.

**Timing:** Immediate. An uncleared return has been forwarded to DFP this evening.

**Need for referral to the Executive:** No need for referral to the Executive.

**Presentational Issues:** Treasury, the Enterprise Trade and Investment and Finance and Personnel Committees take a keen interest in this return.

**Freedom of Information:** Fully disclosable.

**Programme for Government Implications:** Progress against PfG targets is broadly on track at this stage.

**Financial Implications:** Departments are required to identify reduced requirements as early as possible.

**Legislation Implications:** Not Applicable.

**Statutory Equality:** Not Applicable

**Recommendation:** That you consider and clear the return.

## Background

1. DFP require Permanent Secretaries and Finance Directors to sign off on monthly actual and forecast outturn to ensure accuracy of information.
2. Heads of Divisions in DETI and Chief Executives in NDPBs approve actual and forecast outturn at the lowest level of expenditure on a monthly basis and these forecasts indicate that we are on track to spend budget.
3. I attach the August actual outturn and forecast outturn for the remainder of the 2012/13 financial year.
4. Actual DEL outturn for August 2012 was £17.1m compared to forecast outturn of £17.4m, leaving an underspend of £0.3m. The areas responsible are summarised below:

<b>Business Area</b>	<b>Overspend / £m</b>	<b>Description</b>
Invest NI Capital	0.2	Minor slippage in capital grant with actual spend of £4.5m against forecast of £4.7m. Shortfall reprofiled in September
Miscellaneous	0.1	Minor underspending across various business areas
<b>Total</b>	<b>0.3</b>	

5. For the first five months of this financial year 28.1% of the June Monitoring DEL budget has been accrued, compared to 21.3% (excluding £50m PMS budget allocated in June Monitoring 2011 and £225m expenditure) and 25.3% for 2011/12 and 2010/11 respectively.

## Invest NI

6. Invest NI performance in the first five months of 2012/13 has increased compared to 2011/12 and is shown in the following table:

<b>Expenditure Period</b>	<b>Expenditure / £m</b>	<b>% of Invest NI June Monitoring Budget</b>
<b>Apr-Aug 2012/13</b>	47.5	31.1
<b>Apr-Aug 2011/12</b>	28.3	19.2

7. Comparison of Invest NI actual expenditure in 2011/12 and profiled expenditure in 2012/13 is shown in the table at Appendix A.

8. Invest NI's Current expenditure budget includes a £10m ring fenced Invest to Save allocation to deal with the EU Directive in relation to Nitrates and the disposal of waste litter from the chicken industry.
9. In terms of gross capital expenditure, Invest NI is ahead of the position for the same period in 2011/12. However Capital receipts of £3.3m received in April/May 2011 reduced net capital expenditure markedly. In gross terms the year on year comparison shows continued progress, with £3.8m capital expenditure in 2011/12 compared with £12.0m in 2012/13.
10. Forecast expenditure for 2012/13 displays a sizeable increase in forecast capital expenditure compared to last year. Encouragingly this is reflected in increased capital expenditure in the first five months of this financial year, with a further capital payment in excess of £3m made to NI Screen in early August.
11. While there may be some slippage in capital projects as the financial year progresses and there may be risks outside of Invest NI's control, the forecast of expenditure put forward by Invest NI seems reasonable at this point in time. Finance Branch will continue to closely monitor the position as the year progresses.

**NITB**

12. To date, NITB have expended just £55k of their Capital Grant budget of £6.5 million. 68% of the remaining budget is forecast to be spent in the final four months, posing a significant risk to the Department's spending targets.
13. NITB have advised that to date letters of offer have been issued in respect of 24 projects with a total value of £4.5 million. Assurance has been sought from the various promoters involved that full budget expenditure will be delivered by 31 March 2013.
14. A further 9 projects totalling £1.3 million have been approved and letters of offer are in the process of issuing. Each of these projects has been identified as being deliverable in the current financial year. In addition, 7 projects worth a further £0.7 million are in the final stages of approval, and NITB have high confidence of full spend against budgets in 2012/13.
15. Finance Branch has requested NITB for an assessment of the risks associated with delivering these projects on schedule, and for details of any contingency plans in place in the event of slippage. We will continue to closely monitor the NITB Capital position as the year progresses.

**DETI (excluding Invest NI and NITB)**

16. Whilst the rest of the department is profiled to fully spend their budget allocations, there are a number of areas of concern including:
  - Telecoms Policy Unit has a capital budget of £1.25m for a broadband project, and expenditure is dependent on the conclusion of a



procurement exercise, with the contract award targeted for early 2013. Any slippage would impact spending.

- Energy Branch has an AME budget of £5.8m for the Renewable Heat Incentive scheme, which requires subordinate legislation before the scheme can be launched. October 2012 is the earliest this can proceed, which raises concern about the ability to spend the budget allocation. Accordingly, and considering the slow uptake of the corresponding GB scheme, Energy Branch has proposed to release £4.3m budget cover and do not wish to carry this amount forward into next financial year. This would leave an AME allocation to £1.5m following the October AME forecasting exercise.
- The outturn against the Administration Budget in 2011/12 was disappointing, and Finance Branch has reviewed Administration budgets to improve performance in 2012/13. Some £458k has been released from the Admin DEL budget for reallocation in October monitoring which is encouraging. Finance Branch is continuing to challenge Admin DEL forecasts and anticipated further reductions in the next monitoring return.

### **Conclusion**

17. I recommend that you sign off on this return to DFP and I am available to discuss further.

**Brankin Bernie**

cc: Jeff Partridge  
David Parkhill

## APPENDIX A

### Comparison of Invest NI 2011/12 Actual Expenditure to 2012/13 Forecast Expenditure

	2011/12 Actual												
	Apr/May	June	July	August	September	October	November	December	January	February	March	Total	
<b>Resource</b>	8,403	5,745	11,120	4,631	6,972	8,265	11,199	8,589	9,510	11,759	21,223	107,416	
<b>Capital</b>	-1,587	538	-1,628	1,057	4,948	1,087	615	262	1,745	3,183	5,386	15,606	
<b>Total</b>	<b>6,816</b>	<b>6,283</b>	<b>9,492</b>	<b>5,688</b>	<b>11,920</b>	<b>9,352</b>	<b>11,814</b>	<b>8,851</b>	<b>11,255</b>	<b>14,942</b>	<b>26,609</b>	<b>123,022</b>	
	Actual				2012/13 Forecast								
	Apr/May	June	July	August	September	October	November	December	January	February	March	Total	
<b>Resource</b>	8,620	8,516	11,660	7,475	8,904	8,789	8,443	11,093	11,743	11,193	24,095	120,531	
<b>Capital</b>	973	4,086	1,729	4,467	1,720	1,870	2,470	5,587	1,030	2,349	5,798	32,079	
<b>Total</b>	<b>9,593</b>	<b>12,602</b>	<b>13,389</b>	<b>11,942</b>	<b>10,624</b>	<b>10,659</b>	<b>10,913</b>	<b>16,680</b>	<b>12,773</b>	<b>13,542</b>	<b>29,893</b>	<b>152,610</b>	

£3.3 million capital receipt distorts Apr-May expenditure in 2011/12. Gross capital expenditure in Apr and May 2011/12 is £1.7 million compared to £1.2 million in the same period 2012/13

**From:** [Lewis, Colin](#)  
**To:** [Sterling, David](#)  
**Cc:** [Cooper, Trevor](#); [Brankin, Bernie](#); [Partridge, Jeff](#); [Thomson, David](#)  
**Subject:** FW: Outturn and Forecast Outturn  
**Date:** 11 September 2012 13:57:26  
**Attachments:** [DETI Forecast Outturn August 2012 - Return to DFP.XLS](#)  
[August 2012-13 Actual and Forecast Outturn.DOC](#)

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David,

See attached below.

I have considered the advice from Finance Branch and am content that it is in order for you to approve the release of this to DFP.

As you will see we do have real concerns about the lack of capital spend in the YTD within NITB. It has much to do to achieve its budget outturn and is relying heavily on the assurance of third parties. Finance have taken these assurances at face value. I have to say, however, we are uncomfortable with this and the risk must be quite high that they will struggle to spend out. I would not be surprised if a material amount of reduced requirements are signalled in January Monitoring

You will note the steps that have been taken to reallocate Admin DEL following on from the underspend issues that arose last year.

Most encouraging to see an increase in spend within Invest NI in the YTD in comparison to the pattern of the last few years. However, it is still early days and we will keep a watching brief.

## **Colin Lewis**

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**From:** Cooper, Trevor  
**Sent:** 11 September 2012 11:16  
**To:** Lewis, Colin  
**Cc:** Brankin, Bernie; Partridge, Jeff; Parkhill, David  
**Subject:** FW: Outturn and Forecast Outturn

**Colin**

**See attached briefing on spend to date and profile to year-end. I specifically raised NITB Capital expenditure as a "Red" risk in terms of likelihood of there being reduced requirements at July board meeting. The paper underlines further the challenges here. NITB is not putting forward any reduced requirements in October Monitoring - we remain of the view that this looks to be very high risk in terms of underspend. NITB last year maintained that they would spend out against our view that they would not - they would have underspent by circa £1m other than an unrelated departmental pressure arising that was able to deal with the NITB underspend - so their track record in forecasting delivery of expenditure and releasing reduced requirements is not good and has not been good over a number of years.**

**Invest NI expenditure is ahead of last year which is encouraging - although their budget is circa £20m higher in net terms when nitrates is excluded so Finance will try to engage with them on any ongoing risk areas.**

**Trevor**