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 2. Colin Lewis [**CL 11 September – Content**]  
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**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.
- 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. The HODs and CEOs are forecasting that they 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 a forecast August outturn of £17.4m, leaving an underspend against forecast for the month of £0.3m. The areas responsible are summarised below:

Business Area	Overspend / £m	Description
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 percentage expenditure versus budget in the first five months of 2012/13 has increased compared to 2011/12 and is shown in the following table:

Expenditure Period	Expenditure / £m	% of Invest NI June Monitoring Budget excluding Nitrates £10m
<b>Apr-Aug 2012/13</b>	47.5	33.3
<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 – this has been excluded from the percentage spend against budget analysis due to its one-off nature.
9. In terms of gross capital expenditure, Invest NI is ahead of the position for the same period in 2011/12, with £12.0m gross expenditure in 2012/13 versus £3.8m gross capital expenditure in the same period in 2011/12. The net capital spend of £8.7m reflects £3.3m of capital receipts.
10. Forecast expenditure for 2012/13 displays a sizeable increase in forecast capital expenditure compared to last year - £32.1m versus £15.6m. Therefore whilst capital expenditure in the first five months of this financial year has increased, this is against a background of an increased budget and Invest NI has stated that they have little contingency should projects not proceed as expected. Finance Branch will continue to closely monitor the position as the year progresses.

#### **NITB**

11. 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.
12. 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.
13. 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.
14. 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)**

15. 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

16. 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