From: Brankin, Bernie
To: Cooper, Trevor
Cc: Partridge, Jeff; Parkhill, David
Subject: FW: Outturn and Forecast Outturn
Date: 08 November 2012 17:36:54
Attachments: October 2012-13 Actual and Forecast Outturn.DOC
DETI Forecast Outturn October 2012 - Return to DFP.XLS

Trevor

Please consider.

Bernie

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From: Bernie Brankin

Date: 8 November 2012

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

OCTOBER 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	Divisions, and NDPBs have not indicated any PFG implications
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 October actual outturn and forecast outturn for the remainder of the 2012/13 financial year.

4. Actual DEL outturn for October 2012 was £17.1m compared to forecast outturn of £17.4m, an underspend of £0.3m versus the forecast spend for the month. The areas responsible are summarised below:

Business Area	**Variance / £m**	**Description**
Invest NI Capital	0.7	Accelerated capital grant expenditure. Late posting of £400k capital receipt to September but originally profiled for October
NITB Resource	-0.7	Underspending due to delay in receipt of various promotion and marketing invoices, reprofiled later in the financial year.
NITB Capital	-0.2	Nil expenditure on Tourism Signature Projects in October, reprofiled later in the year
Miscellaneous	-0.1	Minor underspending across DETI business areas
Total	**-0.3**	

5. 2012/13 October Monitoring is pending Executive approval and accordingly the DFP template contains June Monitoring budget totals. DETI profiles of actual and forecast expenditure are based on October Monitoring budget totals.

6. For the first seven months of this financial year 48.0% of the proposed October Monitoring DEL budget has been accrued, compared to 39.4% (excluding £225m PMS expenditure) in 2011/12 and 38.6% in 2010/11 respectively.

Invest NI

7. Invest NI proposed resource reduced requirements of £11.5m in October monitoring. This comprises £9.5m Invest to Save ring-fenced allocation to deal with the EU Directive in relation to Nitrates and the disposal of waste litter from the chicken industry, and £2m increased receipts as a result of receipts no longer being treated as CFER income. In addition, Invest NI's Resource budget will also reduce by £1m as a result of proposed technical transfers to other NICS departments.

8. Invest NI outturn in the first half of 2012/13 is significantly ahead of the 2011/12 position, and is shown in the following table:

Expenditure Period	Expenditure / £m	% of Invest NI Proposed October Monitoring Budget
Apr-Oct 2012/13	67.0	47.5
Apr-Oct 2011/12	49.6	33.6

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

10. Invest NI's current expenditure budget is £1.6m more than last year's outturn. Year to date expenditure at 31 October is £6.1m ahead of the amount for the same period last year - £51.2m versus £45.1m.

11. In terms of gross capital expenditure, Invest NI is ahead of the position for the same period in 2011/12, with £16.9m gross expenditure in 2012/13 versus £10.1m gross capital expenditure in the same period in 2011/12.

12. 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 seven months of this financial year has increased, this is against a background of an increased budget. Invest NI has stated that there is little contingency should projects not proceed as expected, therefore we will closely monitor the position between now and completion of January Monitoring which (in the absence of a similar arrangement to last year where Invest NI were given flexibility to surrender £5.6m of their Capital budget up to mid-March) would be the last chance to surrender budget. In the early stages of January monitoring, Invest NI have not proposed to surrender any capital budget.

NITB

13. To date, NITB has expended just £295k of a Capital Grant budget of £6.5m. Currently, 90% of the remaining budget is forecast to be spent in the final four months, posing a significant risk to the Department's spending targets.

14. NITB senior executives have met with DETI senior management to discuss capital grant allocations, commitments and expenditure year to date. Additional monthly meetings have been set up to keep the department informed of developments as the year progresses.

15. To date letters of offer have been issued in respect of 39 projects with a total value of £6.5m. NITB has confirmed that all projects promoters have provided assurances that they are on track to spend in the period to 31 March 2013. NITB has also indicated that it has advised Project Promoters that there is no surplus budget in the period 2013/14 and therefore they will be liable for any project overruns. NITB believe this should provide the incentive for promoters to incur expenditure before the end of this financial year.

16. In NITB's view one project, the Walled City Lighting Strategy, represents a risk of underspend, which is now budgeted to spend £2m this year. NITB maintain that this project is currently taking all necessary measures to mitigate risk and to ensure delivery and spend by 31 March 2013.

DETI (excluding Invest NI and NITB)

17. Whilst the rest of the department is profiled to fully spend their budget allocations, there are a number of areas of risk 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 due to commence 28 November, with contract award targeted for early 2013. Any slippage would impact spending. Telecoms have confirmed this project currently remains on track.

- Harland & Wolff utilisation of provisions budget: It is difficult to forecast expenditure against the remaining £6.1m budget for Asbestosis and Pleural Plaques, given the level of uncertainty around the timing of payment of 300 pleural plaques claims in hand. Currently we have been making payments of around £500k per month so depending on the level of settlements between now and the end of the year there remains risk at this time around fully expending this budget. This will be considered further as part of January monitoring.

- The outturn against the Administration Budget in 2011/12 was disappointing, and Finance Branch has reviewed Administration budgets to attempt to assist Divisions improve performance in 2012/13. Some £458k was released by business areas from the Admin DEL budget as part of October monitoring, with early indications showing a further release of £200k in January monitoring, suggesting that budget holders are taking a more stringent approach to profiling Admin budgets. NISRA have indicated that the 2012 pay award due to be implemented from November will increase salary costs by 3.7% versus a DETI estimate of 2.7%. Finance Branch will work with budget holders to ensure that this potential pressure is managed from reduced requirements in January Monitoring as this is the final opportunity to adjust Admin budgets.

Conclusion

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

Bernie Brankin

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**	**YTD Actual**	**Remaining Budget**	**November**	**December**	**January**	**February**	**March**	**Total**
Resource	8,403	5,745	11,120	4,631	6,972	8,265	45,136	64,370	11,199	8,589	9,510	11,759	21,223	107,416
Capital	-1,587	538	-1,628	1,057	4,948	1,087	4,415	11,491	615	262	1,745	3,183	5,386	15,606
Total	**6,816**	**6,283**	**9,492**	**5,688**	**11,920**	**9,352**	**49,551**	**75,861**	**11,814**	**8,851**	**11,255**	**14,942**	**26,609**	**123,022**
	Actual								**2012/13 Forecast**					
	Apr/May	**June**	**July**	**August**	**September**	**October**	**YTD Actual**	**Remaining Budget**	**November**	**December**	**January**	**February**	**March**	**Total**
Resource	8,620	8,516	11,660	7,475	6,135	8,844	51,250	57,781	9,095	8,443	10,658	11,102	18,483	109,031
Capital	973	4,086	1,729	4,467	2,633	1,878	15,766	16,313	2,547	4,161	2,878	1,842	4,885	32,079
Total	**9,593**	**12,602**	**13,389**	**11,942**	**8,768**	**10,722**	**67,016**	**74,094**	**11,642**	**12,604**	**13,536**	**12,944**	**23,368**	**141,110**

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

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