From: Lewis, Colin
To: Sterling, David
Cc: Cooper, Trevor; Brankin, Bernie; Hill, Janice; Smith, Rae
Subject: FW: DETI Forecast Outturn December 2012
Date: 10 January 2013 15:17:55
Attachments: December 2012-13 Actual Forecast Outturn (2).docx
DETI Forecast Outturn December 2012 - Return to DFP (2).XLS
Importance: High

David,

I am content to recommend approval.

I have nothing further to add to the content of Bernie's submission and to Trevor's comments.

Colin Lewis
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From: Cooper, Trevor
Sent: 10 January 2013 14:58
To: Lewis, Colin
Cc: Brankin, Bernie
Subject: FW: DETI Forecast Outturn December 2012
Importance: High

Colin

I am content with the attached summary. Risks of underspending have been reduced in particular by releases in January monitoring of TDS, telecoms broadband funding, and a reallocation of Harland & Wolff funding to provide for a potential bad debt. Given the lack of accruals reporting from NITB it is difficult to assess the level of residual risk on its TDS budget.

Invest NI January spend is reasonable, however there reamins little contingency in their capital budget.

I recommend you approve.

Trevor

Copy Distribution List Below

From: Bernie Brankin

Date: 10 January 2013

To: 1. Trevor Cooper
2. Colin Lewis **[CL 10 January – Content]**
3. David Sterling

DECEMBER 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:	Urgent. An uncleared return was made to DFP last night.
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. I attach the December actual outturn and forecast outturn for the remainder of the 2012/13 financial year collated with input from Heads of Division and NDPB CEOs

3. Actual DEL outturn for December 2012 was £17.6m compared to forecast outturn of £17.6m. However, actual Resource DEL expenditure for the month was £2m higher than had been forecast; with Capital DEL £2m lower than had been forecast. The areas responsible are summarised below:

Business Area	**Variance / £m**	**Description**
Resource		
Finance Accounts Resource	1.7	DFP's processes mean that forecast expenditure can only be made against DFP allocated budgets. The budget for this bad debt had not been allocated at the time of the forecast
Invest NI Resource	0.8	Claims were received earlier than anticipated
H&W Resource Provision	0.3	Increase in settlement of claims than had been forecast by claims handlers.
Consumer Affairs Resource Receipts for Debt Advice	-0.4	Receipt received ahead of profile
Miscellaneous Resource	-0.4	Numerous minor underpsends across several DETI business areas
Capital		
Invest NI Direct Capital	-1.4	Delay in loans to companies – expected to complete before year end
Invest NI Capital Grant	-1.1	Delay in receipt of grant claims – Invest NI has confirmed these will be received before the year end
Invest NI Property Capital	-0.2	Timing variations
Invest NI Capital Receipts	0.7	A planned share redemption has not yet completed, but is expected to complete before the year end
Total	**0.0**	

4. DETI profiles of actual and forecast expenditure are based on the transactions in January Monitoring which do not require Executive approval (all input excluding £18M Titanic bid).

5. On the basis of paragraph 4, for the first nine months of this financial year 61% of the January Monitoring DEL budget has been accrued, compared to 55% (excluding £225m PMS expenditure) in 2011/12 and 59% (December Monitoring position) in 2010/11.

Invest NI

6. Invest NI outturn in the first nine months 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 January Monitoring Budget
Apr-Dec 2012/13	89.9	64.2
Apr-Dec 2011/12	70.2	53.5

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 is £0.5m more than last year's outturn. Year to date expenditure at 31 December is 64.8% of budget and £5.0m ahead of the amount for the same period last year: - £69.9m versus £64.9m.

9. In terms of capital expenditure, Invest NI is ahead of the position for the same period in 2011/12, with £20.0m capital expenditure in 2012/13 versus £5.3m capital expenditure in the same period in 2011/12.

10. Forecast expenditure for 2012/13 displays a sizeable increase in forecast capital expenditure compared to last year - £32.1m versus £15.6m but it is reassuring that 62% of the Capital budget is spent. Invest NI has stated that there is little contingency should projects not proceed as expected but have not identified any capital reduced requirements in January monitoring. We will continue to closely monitor the position.

NITB

11. 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.

12. NITB has released £1.05m from the TDS budget in January Monitoring. This included £550k for two projects with procurements and planning issues and

£500,000 to mitigate against general risks of underspend across the balance of projects in the TDS programme. We will continue to closely monitor the position.

13. However, NITB has recorded just £820k expenditure to the end of December of its reduced TDS Capital Grant budget of £5.45m. This would leave 85% of the remaining budget forecast to be spent in the final quarter. NITB (however we have previously highligjhted that the NITB information is not accruals based and therefore incomplete). While NITB believe that the level of expenditure is deliverable, the possibility of underspending, while reduced, in the TDS budget still remains a concern in the absence of complete management information.

14. Promotion and Marketing expenditure in NITB currently stands at 44% of budget with £8.1m budget remaining, compared with 43% for the same period in 2011/12. Destination development work is planned in January in the St Patrick and Mournes projects, and in Greater Belfast, Londonderry and Fermanagh areas. Further work on the Causeway, Lough Neagh and the Sperrins is planned for February 2013.

DETI (excluding Invest NI and NITB)

15. The department is profiled to fully spend budget allocations, with no significant areas of risk evident at present.

16. The risk surrounding the Harland & Wolff utilisation of provisions budget has been reduced following adjustments made in January Monitoring. Payments totalling £2.4m have been made to date, and the remaining £2.1m budget is on line to be expended this financial year.

17. Finance Branch has been challenging Administration profile returns throughout the year, and indications are that budget holders are taking a more stringent approach to profiling Admin budgets.

Conclusion

18. 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**	**YTD Actual**	**Remaining Budget**	**January**	**February**	**March**	**Total**
Resource	8,403	5,745	11,120	4,631	6,972	8,265	11,199	8,589	64,924	42,492	9,510	11,759	21,223	107,416
Capital	-1,587	538	-1,628	1,057	4,948	1,087	615	262	5,292	10,314	1,745	3,183	5,386	15,606
Total	**6,816**	**6,283**	**9,492**	**5,688**	**11,920**	**9,352**	**11,814**	**8,851**	**70,216**	**52,806**	**11,255**	**14,942**	**26,609**	**123,022**
	Actual									**2012/13 Forecast**				
	Apr/May	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**YTD Actual**	**Remaining Budget**	**January**	**February**	**March**	**Total**
Resource	8,620	8,516	11,660	7,475	6,135	8,844	9,301	9,196	69,945	38,235	10,733	10,484	16,768	107,930
Capital	973	4,086	1,729	4,467	2,633	1,878	2,400	1,837	20,003	12,076	2,370	1,417	8,289	32,079
Total	**9,593**	**12,602**	**13,389**	**11,942**	**8,768**	**10,722**	**11,701**	**11,033**	**89,948**	**50,311**	**13,103**	**11,901**	**25,057**	**140,009**

£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