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**To:** [Private Office DETI](#); [Aiken, Glynis](#); [Crawford, Andrew](#)  
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**Subject:** JANUARY MONITORING  
**Date:** 24 December 2013 13:01:00  
**Attachments:** [Sub to Minister - Additional Adjustments - Jan Monitoring 2013-14 revuntracked \(2\).doc](#)  
[Sub to Minister - January Monitoring 2013-14original.doc](#)

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I attach further submission on January Monitoring for the Minister's consideration. The deadline for returns for input to DFP is 3 January.

The submission has been cleared by Eugene Rooney and includes a reconciliation of movements between the position in submission of 22 November (also attached) and the further movements.

Eugene will be in Netherleigh on Monday 30th and Tuesday 31st December should there be any queries on the sub , and I return to work on 2 January and will be available from then on.

Trevor

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**FROM:** Trevor Cooper

**DATE:** December 2013

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**TO:**

1. Eugene Rooney
2. Andrew Crawford
3. Arlene Foster MLA

**JANUARY MONITORING 2013/14 – ADDITIONAL ADJUSTMENTS**

**Issue:** Additional adjustments have been identified for inclusion in the second stage of January Monitoring. These include the £10m release by Invest NI of the Agri-food Loan Scheme capital budget.

**Timing:** **URGENT.** Returns for the second stage are due with DFP by Friday 3 January 2013.

**Need for referral to the Executive:** Executive approval is required for in-year monitoring rounds. DFP is in the lead.

**Presentational Issues:** This is likely to attract interest regarding the release of Agri-Food Loan Scheme funding. The ETI Committee may also be interested in the removal of a bid of £50K for an environmental impact assessment of non-conventional gas exploration: this was an area of interest to Members when officials gave evidence to the Committee on 12 December.

**Freedom of Information:** It may be possible to claim exemption for this submission as policy under consideration.

**Programme for Government /PSA Implications:** None identified at this stage.

**Financial Implications:** Capital Transactions budget of £10m, ring-fenced budget of £0.264m Resource JEI funding, £0.2m JEI Capital funding and mainstream budget of £0.269m Resource and £0.017m Capital would be released, and we would meet a £1.3m Invest NI Resource pressure from a range of de minimis easements.

**Legislation Implications:** Not Applicable.

**Statutory Equality:** High-level Impact Assessments have been completed for all in-year monitoring proposals.

**Recommendation:** It is recommended that you consider the information below and;

- a) Confirm that you are content that we present these proposals in the DETI submission to DFP for the second stage of January Monitoring; and
- b) Confirm that you are content for this material to be used to prepare briefing for the ETI Committee.

## **Background**

1. I wrote to you on 22 November setting out details of proposed January Monitoring adjustments.
2. The first stage of January Monitoring, which we have completed, required departments to submit all technical adjustments that do not require Executive approval, and included internal reallocations, technical transfers and EU technical changes by Friday 6 December 2013. The planned second stage (with a Friday 3 January 2014 deadline) of the monitoring round involves submission of transactions that are presented to the Executive, which includes bids and mainstream reduced requirements and proactive reallocations.
3. As information for January monitoring was obtained at the start of November, we asked business areas to reconsider if there were any further reduced requirements that could be released in the second stage of January monitoring. A number of further adjustments have been identified since the submission of 22 November (attached). The DETI monitoring proposals for the second stage of January monitoring, with a reconciliation of movements to the position at 22 November are summarised in **Annex A** and are described below.

## **Bids**

4. Invest NI submitted a bid of £1.3m Resource for a number of SFA and R&D projects, which you agreed in the earlier submission. Invest NI has now identified a £0.140m easement in its Administration budget. We therefore propose to reallocate £0.140m from Invest NI's Administration budget to the Programme budget and reduce the bid to £1.160m, which in turn can be met by a series of internal reallocations from a range of de minimis reductions across the department as set out below.

5. You recently met with the DFP Minister, Simon Hamilton MLA, in relation to forecast pressures in 2014/15 for Events funding. Following this meeting officials considered with NITB the possibility of bringing forward Events expenditure that would otherwise fall to 2014/15 into the current year thereby reducing the expected pressure in 2014/15. NITB has proposed that a de minimis £0.5m Resource bid be submitted in January monitoring to meet pre-claims for 2014/15 events. We do not propose to meet this bid from other reductions across the Department as:

- Were we to meet the NITB bid, we would have residual reduced requirements of only £0.846m to apply to the Invest NI bid of £1.3m. The balance of the Invest NI bid would represent a deminis amount of £0.454m, be below the threshold of £1m for bids to the Centre and be unmet; and,
- The NITB figurework is considered a broad estimate at this stage and has not been disaggregated. There are some doubts therefore around the actual amount that could be required in 2013/14.

We propose to engage further with DFP officials on this matter in early January to see if dispensation may be provided to submit a robust deminis bid, after further consideration with NITB Senior Management.

#### **Internal Reallocation – Mainstream Reduction used to meet Bids**

6. **Invest NI Programme Budget (£1.160m Resource)** As a result of the call on business areas to reconsider if there were any further reduced requirements that could be released in the second stage of January monitoring, we have identified easements totalling £1.156m from a range of budgets which we propose to use to meet the revised Invest NI Resource bid. The easements comprise £0.871m Resource and £0.285m Admin, and the Admin element will require Executive approval to reclassify this amount to Resource. The de minimis easements comprise the following amounts:

- **H&W Utilisation of Asbestosis Provision (£0.590m Resource):** This reflects a reduction of £0.59m from the £9m budget for Harland & Wolf plc's liability in respect of asbestosis claims. The reduction in the H&W utilisation was identified following a further review of expected claims for the remainder of the 2013/14 year.
- **DETI Telecoms Logon-NI Match Funding (£0.095m Resource):** The Logon-ni Programme has come to the end of its five-year contract and actual spend has now been confirmed. There is a possibility that a continuation of the programme may be re-instated in 2014/15. This will remain under review and a bid may be submitted in the June 2014 monitoring if required.
- **InterTradelreland Pension Scheme (£0.066m Resource):** An easement of £66k has been identified in Resource budgets relating to the InterTradelreland Pension Scheme.
- **DETI Telecoms EU Technical Assistance (£0.051m Resource):** The Post-Project Evaluation of the NI Broadband Fund is now to be carried

out in-house and the business case for the mid-term evaluation of the Next Generation Broadband Project has significantly lower costs than originally forecast.

- **DETI Finance Accounts (£0.050m Resource):** An easement of £50k has been identified in the foreign exchange rate loss budget to reflect recent confirmation from the European Commission of forecast receipts.
- **DETI Energy Division (£0.057m Admin):** The position in regard to the requirement for legal advice has become clearer over the past month. There have been a number of developments in relation to the following, which has led to an easement in expected expenditure for 2013/14:
  - A complex issue where discussions with NIAUR are ongoing and, given recent assurances that they will progress an interim arrangement, we can surrender some of the remaining budget on this matter;
  - Designation of provisions of EU Electricity and Gas Regulation where Officials have been able to develop a consultation paper without legal advice;
  - Proposed sale of Firmus which is not now proceeding;
  - Delay in Regulator licence competition;
  - Renewables Obligation Order where having had sight of DECC Order we have concluded that this can be replicated for NI without need for legal advice; and
  - Taking forward the Energy Bill where the level of expert advice required has been reviewed and reduced.
- **DETI Human Resource and Corporate Services Division (£0.050m Admin):** This easement is a result of a revised forecast for legal fees being less than anticipated, and lower than anticipated staff training costs.
- **DETI Foresight and Horizon Scanning Unit (£0.050m Admin):** Expenditure of £0.05m on the Life Science Strategy is now forecast to fall to 2014/15.
- **DETI Minerals Branch (£0.050m Admin):** A proposal to provide £50k in 2013/14 towards an environmental impact assessment of unconventional gas exploration has been withdrawn.
- **DETI Economic Policy Unit (£0.040m Admin):** The Economic Advisory Group met at the start of December to consider its Forward Work Programme, and decided they wanted to give further consideration to which projects they should take forward. There was therefore no research commissioned in the current financial year, which

has resulted in an easement of £40k. The group is due to meet again in February when their Forward Work Plan will be finalised, which should ensure that research projects are completed during 2013/14.

- A number of other small easements (each less than £20k) totalling **£61k Resource** have been identified.

### **Mainstream Reductions Surrendered**

7. **£0.080m Resource Receipts:** A range of additional Resource receipts totalling £80k have been identified. These include £59k additional receipts from members' contributions to the North South Pension Scheme and £11k additional PMS loan interest receipts. These receipts can only be used to offset pressures from within the same business area, and are therefore reduced requirements.
8. **CCNI (£0.046m Non Cash):** As the current lease on the CCNI building ends in March 2015, it has been agreed that the Consumer Council should no longer revalue leasehold alterations. These will be fully depreciated over the remaining length of the lease, which has resulted in a lower depreciation charge for 2013/14.
9. A number of other small easements (each less than £20k) totalling **£38k Admin** and **£8k Resource** have been identified.
10. In addition to the above, I notified you in my submission of 22 November of a release by DETI Accounts Branch of £0.092m in the depreciation requirement due to assets reaching the end of their useful life and capital spend being later in the year than forecast. This has now increased to £0.097m Non Cash, along with a small reduction of £0.017m Capital. **The total mainstream reductions are therefore £0.038m Admin, £0.088m Resource, £0.143m Non Cash and £0.017m Capital.**

### **Ring-fenced Reductions Surrendered**

11. **Invest NI Agri-food Loan Scheme (£10m Financial Transactions Capital):** Invest NI propose to surrender the full Agri-Food Loan Scheme budget of £10m for 2013/14. It is still anticipated that the banks will launch the scheme early in 2014. Once the scheme is launched the process will be that applicants will apply to the banks for a loan, the banks will appraise the application, and the applicant must obtain planning permission and appoint contractors to commence building before any expenditure can be accrued. However, as only three months of the current financial year remain, Invest NI indicate that it is unlikely that any of this budget can be spent in the current financial year.
12. **NITB – Tourism Innovation Fund (£0.200m Resource):** NITB resourced a Tourism Innovation Fund team in September 2013. Proposals to develop four projects and to operate a mentoring scheme were developed, but are not feasible to run in the current financial year. NITB now intends to focus its energies on the development of an open call Tourism Innovation Fund for 2014/15.

13. **JEI Ring-fenced Resource Budget (£0.034m):** It had been proposed that £30k of the ring-fenced JEI budget would be utilised by DHSSPS in respect of Innovative Procurement. However, it has now been confirmed by DHSSPS that these monies are not required in this financial year. A further £4k JEI funding has been released by Economic Policy Division in relation to the expenses of the Economic Advisory Group.
14. In addition to the above, I notified you in my submission of 22 November of a release by NITB of JEI funding of £0.200m Capital in relation to the Gobbins Cliff Path project due to delays by the project promoter in appointing a contractor, and a release of £0.030m by Invest NI in relation to JEI funding for Innovative Procurement. **The total ring-fenced reductions are therefore £0.264m Resource and £10.200m Capital.**

### **Mainstream Internal Reallocations for Retained Receipts**

15. Three further internal reallocations are proposed to adjust expenditure and retained receipts budgets as follows:

**DETI Minerals Branch (£0.541k Resource):** The TELLUS Border project budget has been increased to cover the total geochemistry laboratory analysis costs following an addendum to the offer under the Interreg Programme.

**NITB (£0.305k Resource):** NITB has forecast that they will generate additional Resource receipts totalling £305k in 2013/14. These comprise £130k Statutory Certification Fees relating to the charge for the statutory certification and grading of accommodation, and £175k relating to charges for "World Host Training." NITB propose to utilise these receipts to fund expenditure of £160k on the purchase of World Host material, £130k towards costs incurred in the Certification team including maintenance of all databases, advisory visits and IT costs, and £15k on Marketing; and

**DETI Minerals Branch (£0.024k Resource):** Extra income has been received through GSNI publication sales.

16. Although internal reallocations were part of January Monitoring Stage 1, DFP has agreed to process these adjustments in Stage 2.

### **Recommendation**

17. It is recommended that you;
- a) Confirm that you are content that we present these proposals in the DETI submission to DFP for the second stage of January Monitoring; and
  - b) Confirm that you are content for this material to be used to prepare briefing for the ETI Committee.
18. I would be happy to discuss.

**TREVOR COOPER**

cc David Sterling  
David Thomson  
Alastair Ross, MLA, Assembly Private Secretary  
Wendy Johnston  
David Beck  
Bernie Brankin  
Jeff Partridge

## ANNEX A

**JANUARY MONITORING 2013/14 – STAGE 2 SUMMARY**  
**(including adjustments notified in submission of 22 November)****Internal Reallocations to meet Bids:**

£0.140m from Invest NI Admin to Invest NI Programme

£1.106m from a range of business areas to Invest NI

**Mainstream Easements (£0.286m):**

£0.080m Resource receipts (which we are unable to reallocate to another Business area)

£0.038m Admin

£0.008m Resource

£0.143m Non Cash

£0.017m Capital

**Ring-fenced Easements (£10.464m):**

£10m Financial Transactions Capital - Invest NI Agri-food Loan Scheme

£0.264m Resource Jobs &amp; Economy Initiative

£0.200m Capital Jobs &amp; Economy Initiative

**Internal Reallocations for Retained Resource Receipts:**

£0.541m Minerals TELLUS retained income

£0.305m NITB retained income

£0.024m Minerals publications retained income

**Table 1 –Movement between First Stage and Second Stage**

	£000's				
	Admin	Resource	Non Cash	Capital	Total
<b>Invest NI Bid (1<sup>st</sup> Stage)</b>		1,300			<b>1,300</b>
<b>De Minimis Reductions to meet Invest N Bid (2<sup>nd</sup> Stage)</b>	-247	-1,053			<b>-1,300</b>
<b>Mainstream De Minimis Reductions (1<sup>st</sup> Stage)</b>			-92		<b>-92</b>
<b>Mainstream De Minimis Reductions 2<sup>nd</sup> Stage</b>	-38	-88	-51	-17	<b>-194</b>
<b>TOTAL MAINSTREAM SURRENDER TO DFP</b>	<b>-38</b>	<b>-88</b>	<b>-143</b>	<b>-17</b>	<b>-286</b>
<b>Ring-fenced De Minimis 1<sup>st</sup> Stage</b>		-30		-200	<b>-230</b>
<b>Ring-fenced De Minimis Reductions 2<sup>nd</sup> Stage</b>		-234		-10,000	<b>-10,234</b>
<b>TOTAL RING-FENCED SURRENDER TO DFP</b>		<b>-264</b>		<b>-10,200</b>	<b>-10,464</b>