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From: Bernie Brankin

Date: 08 July 2015

To: 1. Trevor Cooper
2. Eugene Rooney
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JUNE ACTUAL OUTTURN & FORECAST OUTTURN FOR JULY 2015-16

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

Timing: Return is due with DFP by close today, Wednesday 8th July. An uncleared copy will be sent 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.
3. I attach June actual outturn and forecast outturn for July. Branch budgets have been profiled to the approved opening budget position.
4. Actual DEL outturn for June 2015 was £17.5M compared to forecast outturn of £22.3M, a decrease of £4.8M versus that previously forecast for the month. The areas responsible for this decrease in spending are set out in the table below:

Table 1 – Areas Responsible for Underspend

Business Area	Underspend £million	Description
Invest NI Resource	-1.6	Expected grant claims not yet received in some areas, partially offset by reduced receipts.
Invest NI Capital	-2.8	Several large claims have been reduced in value following accruals exercise, along with delays in drawing funds down.
Tourism NI Resource	-0.4	Late receipt of invoices, coupled with exchange rate gains.
Total	-4.8	

DETI

5. Actual year to date DEL expenditure to June 2015 in DETI and its NDPBs amounts to £49.1M (19.5% of the opening budget position), compared to £43.9M (19.4%) for the same period last year, putting DETI £5.2M ahead of its position at the same point in 2014-15, with percentage expenditure on a par with last year.
6. Other than those areas identified in paragraphs 9 and 10, all Divisions are reporting full spend against budget, although there are some areas which will need careful monitoring until year end.

Telecoms

7. Telecoms hold £2.24M Capital Grant funding for the Superfast Broadband Extension programme, with no expenditure forecast until March 2016. Telecoms were in a similar position last year with grant funding of £5.0M for

the same project, and £5M was accrued in March 2015. This budget will continue to be monitored throughout the year.

DETI Core – Pressures/Easements

8. **Admin** – There are known paybill pressures of £0.8M, which we were unable to address in June Monitoring and which have been deferred until subsequent monitoring rounds, along with unmet high priority June Monitoring bids of £0.1M Admin. Savings of £0.3M Admin for the 4th quarter of 2015-16 is expected as a result of the VES, and would become a pressure if VES funding was not available.
9. **Other Resource** – DETI core profiles reflect a net underspend of £0.75M relating to the Interreg VA match funding budget, which has been surrendered in June monitoring. There were also unmet high priority bids totalling £1.3M in June Monitoring.
10. **Capital** – Profiles reflect a £0.5M reduction in the Energy Division Gas to the West project, which has been surrendered in June monitoring.

Invest NI

11. Resource expenditure for the first three months is £29.2M (21.6%) compared with £26.5M (22.5%) in the first quarter of 2014-15. Invest NI is expecting Resource Receipts to total £3.0-£3.5M against an opening budget of £1.75M, and will seek to increase this budget in October monitoring.
12. Invest NI has a £15.9M Financial Transactions Capital budget and there is no expenditure in the first quarter. It is projected that £0.5M will not be required on the Growth Loan Fund budget of £5M, and there is a high risk that the Titanic Studios will not draw down the entire £5.7M allocated in 2015-16. However, there are potentially additional requirements of £8.2M on the Sustainable Use of Poultry Litter project, and up to £3.5M for the Agri-Loan Scheme. Invest NI will have more clarity on these projects at the next monitoring round, with the possibility of an additional requirement of c£5.5M.
13. Of the remaining £17.9M mainstream Capital budget, Invest NI has reported expenditure of £2.8M (15.8%) in the first three months. This is ahead of the position at the same point last year when outturn was 13.5%.

Tourism NI

14. Tourism NI profiles show Resource expenditure on P&M and Events in the first three months of 2015-16 as £3.7M, with 27.3% of the £13.7M gross P&M budget accrued to date. This compares with £2.3M (19.9%) of the £11.3M budget in 2014-15.
15. Of the Tourism NI Capital budget of £3.1M, only minimal expenditure has been accrued to this point (£46k). Profiled expenditure for this budget across the remainder of 2015-16 represents 17% in quarter 2, 54% in quarter 3 and 27% in quarter 4. It is also proposed to allocate £1M Capital to Tourism NI from DETI Core for existing commitments which have slipped from 2014-15. In 2014-15 Tourism NI spent 62% (£3.7M) of its Capital budget in the final quarter last financial year.

16. Tourism NI budgets will continue to be monitored closely.

AME

17. New commitments entered into in 2015-16 and beyond in the Non-Domestic Renewable Heat Incentive Scheme requires DFP approval. Energy colleagues are working with Finance and DFP to ensure that the appropriate approvals, and additional funding requirements of circa £12M, to facilitate the future operation of the Scheme at an affordable level of demand, are in place as soon as possible.

Recommendation

18. I recommend that you approve the actual expenditure for June and forecast outturn as presented in the attached spreadsheet. I am available to discuss further.



Bernie Brankin

cc: Jeff Partridge
Paul Ferris

Appendix A

Invest NI Resource & Capital Comparison Spending 2014/15 & 2015/16

2014/15 Actual			2014/15 Forecast											
	Apr/May	June	YTD Actual	Remaining Budget (Opening Position)	July	August	September	October	November	December	January	February	March	Total
Resource	17,776	8,764	26,540	91,249	8174	7967	7792	9596	9581	9136	7869	9504	21640	117,789
Capital	657	454	1,111	17,252	379	1239	1336	1127	900	1721	1622	113	8815	18,363
Total	18,433	9,218	27,651	108,501	8,553	9,206	9,128	10,723	10,481	10,857	9,491	9,617	30,455	136,152
2015/16 Actual			2015/16 Forecast											
	Apr/May	June	YTD Actual	Remaining Budget (Opening Position)	July	August	September	October	November	December	January	February	March	Total YTD + Forecast
Resource	15,686	13,475	29,161	106,027	9,024	9,714	13,908	11,525	9,374	17,287	9,781	9,944	15,470	135,188
Capital	3,343	-510	2,833	30,986	2,079	1,769	2,368	1,574	7,760	4,995	2,427	2,422	5,592	33,819
Total	19,029	12,965	31,994	137,013	11,103	11,483	16,276	13,099	17,134	22,282	12,208	12,366	21,062	169,007