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From: Bernie Brankin

Date: 10 August 2015

To: 1. Trevor Cooper
2. Eugene Rooney
3. Andrew McCormick

JULY ACTUAL OUTTURN & FORECAST OUTTURN FOR AUGUST 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, Monday 10th August. An uncleared copy of the attached spreadsheet has been 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 July actual outturn and forecast outturn for August. Branch budgets have been profiled to the approved June Monitoring budget position which considered technical issues only..
4. Actual DEL outturn for July 2015 was £16.4M compared to forecast outturn of £17.7M, a decrease of £1.3M 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 / (over) £million	Description
Invest NI Resource	(1.1)	Mainly due to unexpected drawdown against Social Economy Incubation Hubs funds.
Invest NI Capital	2.2	One large claim has been reduced in value following accruals exercise, and profiled drawdown of FT Capital has not yet happened.
Tourism NI Resource	0.3	Reduced expenditure on Promotion & Marketing.
DETI Overall	(0.1)	Various De Minimis expenditure across DETI.
Total	1.3	

DETI

5. Actual year to date DEL expenditure to July 2015 in DETI and its NDPBs amounts to £66.6M (25.7% of the June monitoring position), which broadly compares to £60.5M (26.9%) for the same period last year.
6. Other than those areas identified in this report, all Divisions are reporting full budget utilisation, although there are some areas which will need careful monitoring until year end.

DETI Core – Pressures/Easements

7. **Admin** – There are known paybill pressures of £0.7M, 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. If VES funding was not available this would become a pressure (which is also the case for planned VES savings in CCNI, HSENI and Tourism NI).

8. **Other Resource** - £7M of the Other Resource budget relates to expenditure for Asbestosis and Pleural Plaques, and no expenditure was forecast for the first quarter. £1M of this budget has also been used in the June Monitoring, which addressed technical issues, to partially meet de minimis pressures. There were also unmet high priority Resource bids totalling £1.3M in June Monitoring.
9. **Capital** – 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.
10. Energy Division profiles reflect £0.5M Capital reduction from the £3M Gas to the West Project which has been put forward in June Monitoring but only technical issues have been processed. The £2.5M balance is profiled for March 2016 and there is the possibility of further potential reductions.
11. **Financial Transactions Capital (FTC)** – £9.4M FTC is profiled for the Northern Ireland Science Park and forecast expenditure is heavily end-year loaded with £5.8M profiled in the last quarter.

Invest NI

12. Resource expenditure has increased to £39.3M (28.8% of the budget) to the end of July. Invest NI Resource profiling is broadly comparative with previous spending patterns, with Invest NI accruing £34.7M (29.5%) of their Resource budget by the same point in 2014-15.
13. 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.
14. FTC budget has no reported expenditure to date. Latest update from Invest NI estimates a potential FTC requirement of £21.3M against the £15.9M budget allocation (representing a £5.4M pressure) with potential spend of £22.9M (representing a £7M pressure). However, the management responsible for the Property Overhang Scheme has confirmed to DETI that they do not expect any spend against the potential £8M in the Invest NI table, which points towards the possibility of underspend in FTC this year.
15. Of the remaining £18.9M mainstream Capital budget, Invest NI has reported expenditure of £2.9M to the end of July, or 15.3% of this budget. This is ahead of the position at the same point last year when outturn was £1.2M (8.6% of budget).

Tourism NI

16. Tourism NI profiles show Resource expenditure on P&M and Events in the first four months of £4.1M, with 29.4% of the £13.8M gross P&M budget accrued to date. This compares to £2.8M (26.6%) of the £11.0M budget at the same point in 2014-15.

17. Profiles for the total Tourism NI Resource budget show total expenditure of £6.1M representing 28.8% of budget. This compares to £5.3M (28.4%) expenditure at the same point in 2014-15.
18. Although only £135k of the Tourism NI £4.1M Mainstream Capital budget has been spent to date, this follows a similar trend to previous years where expenditure takes place mainly in the second half of the year. Profiled expenditure for this budget across the remainder of 2015-16 represents 21% in the remainder of quarter 2, 43% in quarter 3 and 33% in quarter 4.
19. Tourism NI Resource and Capital budgets will continue to be monitored closely.

AME

20. 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

21. I recommend that you approve the actual expenditure for July 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	July	YTD Actual	Remaining Budget (Opening Position)	August	September	October	November	December	January	February	March	Total
Resource	17,776	8,764	8174	34,714	83,085	7967	7792	9596	9581	9136	7869	9504	21630	117,789
Capital	657	454	379	1,490	16,873	1239	1336	1127	900	1721	1622	113	8815	18,363
Total	18,433	9,218	8,553	36,204	99,948	9,206	9,128	10,723	10,481	10,857	9,491	9,617	30,445	136,152
	2015/16 Actual				2015/16 Forecast									
	Apr/ May	June	July	YTD Actual	Remaining Budget (Opening Position)	August	September	October	November	December	January	February	March	Total YTD + Forecast
Resource	15,686	13,475	10,170	39,331	97,423	9,772	12,829	11,554	9,425	15,373	10,566	10,544	17,360	136,753
Capital	3,343	-510	56	2,889	31,927	1,266	3,527	4,281	8,018	3,661	1,519	918	8,737	34,816
Total	19,029	12,965	10,226	42,220	129,350	11,038	16,356	15,835	17,443	19,034	12,085	11,462	26,097	171,569