

Copy Distribution List Below

From: Bernie Brankin

Date: 9<sup>th</sup> September 2015

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

**AUGUST ACTUAL OUTTURN & FORECAST OUTTURN FOR THE  
REMAINDER OF THE 2015/16 FINANCIAL YEAR**

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

**Timing:** Return was due with DFP by close yesterday, Tuesday 8<sup>th</sup> September. An uncleared copy of the attached spreadsheet was sent to DFP.

**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:** This return reflects the agreed June Monitoring position.

**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 August actual outturn and forecast outturn for the remainder of the 2015-16 financial year. Branch budgets have been profiled to the approved June monitoring budget position which considered technical issues only.
4. Actual DEL outturn for August 2015 was £15.2M compared to forecast outturn of £17.5M, a decrease of £2.3M versus that previously forecast for the month. The areas responsible for this reduction in spending are set out in the table below:

**Table 1 – Areas Responsible for Under/Overspend**

<b>Business Area</b>	<b>Underspend £million</b>	<b>Description</b>
Invest NI Resource	2.4	Delays in receipt of grant claims from client companies.
Invest NI Capital	(1.5)	A number of capital grant claims were received from client companies earlier than expected.
Tourism NI Resource	0.6	Expected invoices for campaigns were not received in August.
Tourism NI Capital	0.3	An expected payment to Waterfront was not made in August.
DETI Resource	0.5	Increase in fees received by Insolvency Service. Minerals Branch did not receive a large invoice from NERC as expected.
<b>Total</b>	<b>2.3</b>	

### **DETI**

5. Actual year to date DEL expenditure at August 2015 for DETI and its NDPBs amounts to £81.2M (31.4%), which broadly compares to £73.6M (32.7%) for the same period last year.
6. Other than those areas identified in this report, all Divisions are reporting full budgetary utilisation, although there are some areas which will need careful monitoring until year end.

### **DETI Core – Pressures/Easements**

#### **Admin**

7. 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, and we now have inescapable Admin bids of £0.1M.

8. Voluntary Exit Scheme (VES) funding has been confirmed and staff exiting under tranches 1 and 2 will deliver the planned Administrative savings for DETI in 2015-16. It is proposed that the Administrative pressure would be addressed through further releases in tranche 3 VES and de minimis easements.

### **Other Resource**

9. £6M of the Other Resource budget relates to expenditure for Asbestosis and Pleural Plaques. Expenditure is profiled at £0.6M per month for the remainder of the year up to February, with £1M profiled for March 2016. £1M of the original H&W budget was used in June Monitoring to meet pressures, and there is potential to use a further £0.5M to £1.0M to address pressures. Unmet high priority Resource bids currently total £0.8M.

### **Capital**

10. Telecoms Branch holds £2.4M Capital 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 accrued in March 2015.
11. Telecoms have an allocation of £4.4M which was transferred from DCMS for Broadband Stimulation. Expenditure on this project in 2014-15 did not take place until the second half of the year and is similarly profiled in 2015-16.
12. £1.9M (also from DCMS) has been allocated for the Super Connected Cities project but expenditure is now expected to amount to £805K in 2015-16 (based on recent DCMS projections for Q1/Q2), and Telecoms expect to have a final total from DCMS in October 2015. It is expected that c.£1M of this funding will be given up in the next monitoring round, with full expenditure of the remaining funds by March 2016.
13. 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.
14. 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.
15. These Capital budgets will continue to be monitored throughout the year.

### **Invest NI**

16. Resource expenditure is £46.8M (34.2% of the budget) to the end of August. Invest NI expenditure as a percentage of the overall budget is slightly lower when compared with Invest NI Resource expenditure of £45.4M (37.9%) of the budget by the same point in 2014-15.

17. In June Monitoring Invest NI bid for £4M Resource to address an inescapable pressures for a Bombardier Nacelle project and flagged a further potential in year pressure of £2.4M Resource for this project.
18. Invest NI has advised that they wish to withdraw their bid for £4M Resource as they can manage the £6.4M Bombardier pressure from within their existing budget. Invest NI are also expecting additional Resource Receipts of £2.0M to £3.0M which they wish to return to Centre. This latest update from Invest NI would indicate that they no longer have Resource pressures in 2015-16.
19. Invest NI still have pressures in the Capital budget with a bid for £3.3M Capital for a Seagate Research and Development project in June Monitoring, and have flagged the potential for a further bid of £5M in January.
20. Invest NI report that they no longer require the £5.7M Titanic Studios Financial Transactions Capital (FTC) funding as this project will not proceed in the current year. However, they are likely to require £5.6M for the Sustainable use of Poultry Litter project along with a potential requirement of £4.5M for a Bombardier energy project loan. An FTC bid of c£3M is therefore likely in January.

### **Tourism NI**

21. The post June monitoring Tourism NI Promotion and Marketing budget of £13.8M shows steady P&M expenditure in August 2015 which brings year to date expenditure of £4.4M (31.5% of budget) with forecast spend for the second half of 2015-16 amounting to 61% of budget. This pattern follows previous years' trends.
22. Profiles for the total Tourism NI Resource budget show total expenditure of £7.0M representing 27.6% of budget. This compares to £6.6M (32.7%) expenditure at the same point in 2014-15.
23. Although only £283k 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 11% in September, 46% in quarter 3 and 36% in quarter 4.
24. Tourism NI Resource and Capital budgets will continue to be monitored closely.

### **AME**

25. 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 to facilitate the future operation of the Scheme at an affordable level of demand are in place as soon as possible.
26. AME funding has been increased to reflect the £23.178m forecast requirements for the current financial year.

**Recommendation**

27. I recommend that you approve the actual expenditure for August and forecast outturn for the remainder of the year as presented in the attached spreadsheet. I am available to discuss further.

*Bernie Brankin*

**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	August	YTD Actual	Remaining Budget (June Monitoring Position)	September	October	November	December	January	February	March	Total
<b>Resource</b>	17,776	8,852	10,249	8,566	45,433	80,104	13,748	10,373	10,147	10,737	10,637	12,046	6,706	119,827
<b>Capital</b>	657	454	135	-157	1,089	23,374	1,522	1,789	2,313	2,338	2,707	3,634	4,071	19,463
<b>Total</b>	<b>18,433</b>	<b>9,306</b>	<b>10,384</b>	<b>8,409</b>	<b>46,522</b>	<b>103,478</b>	<b>9,128</b>	<b>10,723</b>	<b>10,481</b>	<b>10,857</b>	<b>9,491</b>	<b>9,617</b>	<b>30,445</b>	<b>139,290</b>
		2015/16 Actual		2015/16 Forecast										
	Apr/ May	June	July	August	YTD Actual	Remaining Budget (June Monitoring Position)	September	October	November	December	January	February	March	Total YTD + Forecast
<b>Resource</b>	15,686	13,475	10,263	7,396	46,820	90,039	11,782	11,582	9,454	15,400	10,594	10,572	19,640	136,859
<b>Capital</b>	3,343	-510	56	2,784	5,673	29,142	3,378	4,281	2,468	3,461	1,719	918	5,705	34,815
<b>Total</b>	<b>19,029</b>	<b>12,965</b>	<b>10,319</b>	<b>10,180</b>	<b>52,493</b>	<b>119,181</b>	<b>15,160</b>	<b>15,863</b>	<b>11,922</b>	<b>18,861</b>	<b>12,313</b>	<b>11,490</b>	<b>25,345</b>	<b>171,674</b>